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LEGISLATIVE HISTORY

Public Law 85-335
S. 2920

TABLE OF CONTENTS

Index and summary of S. 29201
Digest of Public Law 85-3352

Index and summary of S. 2920

Jan. 9, 1958 Sen. Thye introduced S. 2918, Sen. Eastland introduced and discussed S. 2920 and S. 2921, and Sen. Stennis introduced S. 2959, all of which were referred to the Senate Banking and Currency Committee except S. 2921 which was referred to the Senate Agriculture and Forestry Committee. Print of bills and remarks of Sen. Eastland.

Jan. 15, 1958 Rep. Jones, Ala., introduced H. R. 10013 which was referred to the House Banking and Currency Committee. Print of bill as introduced.

Jan. 23, 1958 Senate committee reported S. 2920 without amendment. S. Report No. 1185. Print of bill and report.

Jan. 27, 1958 Senate passed S. 2920 without amendment.

Jan. 28, 1958 S. 2920 was referred to the House Banking and Currency Committee. Print of bill as referred.
Rep. Thompson, La., introduced and discussed H. R. 10335 which was referred to the House Banking and Currency Committee. Print of bill as introduced.

Feb. 6, 1958 House committee ordered S. 2920 reported.

Feb. 10, 1958 House committee reported S. 2920 without amendment. H. Report No. 1333. Print of bill and report.
House passed S. 2920 without amendment.
Rep. Knutson introduced H. R. 10619 which was referred to the House Banking and Currency Committee. Print of bill as introduced.

Feb. 13, 1958 Rep. Evins introduced H. R. 10682 which was referred to the House Banking and Currency Committee. Print of bill as introduced.

Feb. 22, 1958 Approved: Public Law 85-335.

DIGEST OF PUBLIC LAW 85-335

SMALL BUSINESS LOANS DUE TO EXCESSIVE RAINFALL. Amends the Small Business Act of 1953 so as to authorize the Small Business Administration to make disaster loans to small businesses in areas which are affected by excessive rainfall; and amends the Act to authorize such loans in areas "affected by a drought" rather than "where a drought is occurring."

IN THE SENATE OF THE UNITED STATES

JANUARY 9, 1958

Mr. THYE introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

A BILL

To amend the Small Business Act of 1953 to authorize disaster loans to small business concerns suffering substantial economic injury as a result of excessive rainfall.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 207 (b) (1) of the Small Business Act of
4 1953, as amended, is amended (1) by deleting the words
5 "where a drought is occurring" and inserting in lieu thereof
6 the words "affected by a drought or excessive rainfall,"
7 and (2) by inserting after the word "drought" where it
8 occurs elsewhere the words "or excessive rainfall."

A BILL

To amend the Small Business Act of 1953 to authorize disaster loans to small business concerns suffering substantial economic injury as a result of excessive rainfall.

By Mr. THYE

JANUARY 9, 1958

Read twice and referred to the Committee on Banking and Currency

IN THE SENATE OF THE UNITED STATES

JANUARY 9, 1958

Mr. EASTLAND (for himself, Mr. FULBRIGHT, Mr. KEFAUVER, Mr. SYMINGTON, and Mr. THYE) introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

A BILL

To provide for small business disaster loans in areas affected by excessive rainfall.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 207 (b) (1) of the Small Business Act of
4 1953, as amended, is amended (1) by deleting the words
5 “where a drought is occurring” and inserting in lieu thereof
6 the words “affected by a drought or excessive rainfall”, and
7 (2) by inserting after the word “drought” where it occurs
8 elsewhere the words “or excessive rainfall”.

A BILL

To provide for small-business disaster loans in areas affected by excessive rainfall.

By Mr. EASTLAND, Mr. FULBRIGHT, Mr. KEFAU-
VER, Mr. SYMINGTON, and Mr. THYE

JANUARY 9, 1958

Read twice and referred to the Committee on Banking and Currency

IN THE SENATE OF THE UNITED STATES

JANUARY 9, 1958

Mr. EASTLAND (for himself, Mr. FULBRIGHT, Mr. KEFAUVER, Mr. SYMINGTON, and Mr. ALLOTT) introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

A BILL

To enable the Federal intermediate credit banks to limit endorsers' liability on loans in disaster areas.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 202 (a) of the Federal Farm Loan Act, as
4 amended, is hereby amended by adding at the end thereof
5 the following: "If any Federal intermediate credit bank
6 determines with respect to any obligation or paper dis-
7 counted or purchased under this section that—

8 "(A) such obligation or paper represents a loan
9 made after the enactment of this sentence in an area
10 covered by a disaster determination of the President
11 under Public Law 875, Eighty-first Congress, or an area

1 covered by a production disaster determination of the
2 Secretary of Agriculture under section 2 (a) of Public
3 Law 38, Eighty-first Congress, and

4 "(B) the need for such loan arose in whole or in
5 part as a result of such disaster,
6 the Federal intermediate credit bank may agree to a limita-
7 tion of the endorser's liability on such obligation or paper
8 to 10 per centum of the face amount of the obligation or
9 paper. The total amount of obligations or paper subject to
10 such limitation of the endorser's liability shall not exceed
11 -\$200,000,000 at any one time."

85TH CONGRESS
2D SESSION

S. 2921

A BILL

To enable the Federal intermediate credit banks to limit endorsers' liability on loans in disaster areas.

By Mr. EASTLAND, Mr. FULBRIGHT, Mr. KEFAUVER, Mr. SYMINGTON, and Mr. ALLOTT

JANUARY 9, 1958

Read twice and referred to the Committee on Agriculture and Forestry

IN THE SENATE OF THE UNITED STATES

JANUARY 9, 1958

Mr. STENNIS introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

A BILL

To amend the Small Business Act of 1953, as amended, so as to permit the making of loans to small business concerns which have suffered substantial economic injury because of certain disasters.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 207 (b) (1) of the Small Business Act of
4 1953, as amended (15 U. S. C. 636), is amended to read as
5 follows:

6 “(1) to make loans (either directly or in coopera-
7 tion with banks or other lending institutions through
8 agreements to participate on an immediate or deferred
9 basis) as the Administration may determine to be neces-

1 sary or appropriate because of floods or other catas-
2 trophes, including necessary or appropriate loans to any
3 small business concern located in an area affected by
4 any such flood or other catastrophe if the Administration
5 determines that the small business concern has suffered
6 a substantial economic injury as a result of such flood
7 or other catastrophe, and the President has determined
8 under the Act entitled ‘An Act to authorize Federal
9 assistance to States and local governments in major
10 disasters, and for other purposes’, approved September
11 30, 1950, as amended (42 U. S. C. 1855–1855g), that
12 such flood or other catastrophe is a major disaster, or
13 the Secretary of Agriculture has found under the Act
14 entitled ‘An Act to abolish the Regional Agricultural
15 Credit Corporation of Washington, District of Columbia,
16 and transfer its functions to the Secretary of Agriculture,
17 to authorize the Secretary of Agriculture to make disaster
18 loans, and for other purposes’, approved April 6, 1949,
19 as amended (12 U. S. C. 1148a-1—1148a-3), that such
20 flood or other catastrophe constitutes a production or eco-
21 nomic disaster in such area: *Provided*, That no such loan
22 including renewals and extensions thereof may be made

3

1 for a period or periods exceeding twenty years: *And*
2 *provided further,* That the interest rate on the Admin-
3 istration's share of loans made under this paragraph shall
4 not exceed 3 per centum per annum;”.

85TH CONGRESS
2D SESSION

S. 2959

A BILL

To amend the Small Business Act of 1953, as amended, so as to permit the making of loans to small business concerns which have suffered substantial economic injury because of certain disasters.

By Mr. STENNIS

JANUARY 9, 1958

Read twice and referred to the Committee on Banking and Currency

ganization Act of 1946, as amended, and in accordance with its jurisdictions specified by Rule XXV of the Standing Rules of the Senate, to examine, investigate, and make a complete study of any and all matters pertaining to public and private housing.

SEC. 2. For the purposes of this resolution the committee, from February 1, 1958, to January 31, 1959, inclusive, is authorized to (1) make such expenditures as it deems advisable; (2) to employ upon a temporary basis, technical, clerical, and other assistants and consultants: *Provided*, That the minority is authorized to select one person for appointment, and the person so selected shall be appointed and his compensation shall be so fixed that his gross rate shall not be less by more than \$1,200 than the highest gross rate paid to any other employee; and (3) with the prior consent of the heads of the departments or agencies concerned, and the Committee on Rules and Administration, to utilize the reimbursable services, information, facilities, and personnel of any of the departments or agencies of the Government.

SEC. 3. The committee shall report its findings, together with its recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than January 31, 1959.

SEC. 4. Expenses of the committee, under this resolution, which shall not exceed \$104,000 shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

INVESTIGATION OF CERTAIN MATTERS UNDER JURISDICTION OF COMMITTEE ON POST OFFICE AND CIVIL SERVICE

Mr. JOHNSTON of South Carolina submitted the following resolution (S. Res. 208), which was referred to the Committee on Post Office and Civil Service:

Resolved, That the Committee on Post Office and Civil Service, or any duly authorized subcommittee thereof, is authorized under sections 134 (a) and 136 of the Legislative Reorganization Act of 1946, as amended, and in accordance with its jurisdictions specified by rule XXV of the Standing Rules of the Senate, to examine, investigate, and make a complete study of any and all matters pertaining to—

(1) the administration of the Federal employee group life insurance program by the Civil Service Commission;

(2) the administration of the civil-service system by the Civil Service Commission and other agencies of the Government; and

(3) the administration by the Post Office Department of the postal service, particularly with respect to (a) postal policy, (b) research and development, and (c) postal rates.

SEC. 2. For the purposes of this resolution the committee, from February 1, 1958, to January 31, 1959, inclusive, is authorized to (1) make such expenditures as it deems advisable; (2) to employ upon a temporary basis, technical, clerical, and other assistants and consultants: *Provided*, That the minority is authorized to select one person for appointment, and the person so selected shall be appointed and his compensation shall be so fixed that his gross rate shall not be less by more than \$1,200 than the highest gross rate paid to any other employee; and (3) with the prior consent of the heads of the departments or agencies concerned, and the Committee on Rules and Administration, to utilize the reimbursable services, information, facilities, and personnel of any of the departments or agencies of the Government.

SEC. 3. The committee shall report its findings, together with its recommendations for

legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than January 31, 1959.

SEC. 4. Expenses of the committee, under this resolution, which shall not exceed \$50,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

INVESTIGATION OF PROBLEMS OF AMERICAN SMALL AND INDEPENDENT BUSINESS

Mr. SPARKMAN (for himself and Mr. THYE) submitted the following resolution (S. Res. 209), which was referred to the Committee on Rules and Administration:

Resolved, That the Select Committee on Small Business, in carrying out the duties imposed upon it by Senate Resolution 58, 81st Congress, agreed to February 20, 1950, and Senate Resolution 272, 81st Congress, agreed to May 26, 1950, is authorized to examine, investigate, and make a complete study of the problems of American small and independent business and to make recommendations concerning those problems to the appropriate legislative committees of the Senate.

SEC. 2. For the purposes of this resolution the committee, from February 1, 1958, to January 31, 1959, inclusive, is authorized to (1) make such expenditures as it deems advisable; (2) to employ upon a temporary basis, technical, clerical, and other assistants and consultants; and (3) with the prior consent of the heads of the departments or agencies concerned, and the Committee on Rules and Administration, to utilize the reimbursable services, information, facilities and personnel of any of the departments or agencies of the Government.

SEC. 3. The committee shall report its findings, together with its recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than January 31, 1959.

SEC. 4. Expenses of the committee, under this resolution, which shall not exceed \$100,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

TEMPORARY ADDITIONAL CLERICAL ASSISTANT FOR COMMITTEE ON POST OFFICE AND CIVIL SERVICE

Mr. JOHNSTON of South Carolina submitted the following resolution (S. Res. 210), which was referred to the Committee on Post Office and Civil Service:

Resolved, That the Committee on Post Office and Civil Service is authorized, from February 1, 1958, through January 31, 1959, to employ one additional clerical assistant to be paid from the contingent fund of the Senate at rates of compensation to be fixed by the chairman in accordance with the provisions of Public Law 4, 80th Congress, approved February 19, 1947, as amended.

AGREEMENT WITH MEXICO CONCERNING MOBILE RADIO TRANSMITTING STATIONS

Mr. HUMPHREY. Mr. President, for almost 5 years now the United States and Canada have been permitting mobile radio transmitting stations licensed by the Government of one country to operate more or less freely in the other's territory. This arrangement was concluded

by an exchange of notes signed at Washington on March 9 and 17, 1953, and it permits "ham" operators to operate in either Canada or the United States on a reciprocal basis.

About 2 years ago I was asked by a number of American amateur radio operators, or "hams," to discuss with the State Department and the Federal Communications Commission the possibility of coming to some similar agreement of reciprocity with our neighbor to the south, Mexico.

I did take this matter up with both the Department and the Commission, and after a rather extended exchange of letters and conversation I have frankly become discouraged that any initiative would be shown by the executive department, without an official expression of interest from the Congress.

It is my strong feeling that Mexican and American "hams" should be permitted to operate in each other's country, just as we have more or less mutual privileges for Canadian and American "hams."

Therefore, Mr. President, I submit a resolution which resolves that it is the sense of the Senate that the President enter into negotiations with the Government of Mexico in an effort to establish an agreement permitting reciprocity for American and Mexican "ham" operators.

The VICE PRESIDENT. The resolution will be received and appropriately referred.

The resolution (S. Res. 211) submitted by Mr. HUMPHREY was referred to the Committee on Foreign Relations, as follows:

Resolved, That it is the sense of the Senate that the President of the United States should take such steps as may be necessary to enter into negotiations with the Government of Mexico in an effort to establish an agreement under which certain mobile radio transmitting stations licensed by the United States Government or the Mexican Government could be carried from the territory in which they are licensed into the territory of the other country without being removed from the vehicles in which such equipment is installed and without being sealed to prevent transmission.

SMALL-BUSINESS DISASTER LOANS IN CERTAIN AREAS—LIMITATION OF ENDORSERS' LIABILITY ON CERTAIN LOANS

Mr. EASTLAND. Mr. President, the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Missouri [Mr. SYMINGTON], the Senator from Colorado [Mr. ALOTTI], and I are today introducing two bills to amend the Federal Farm Loan Act and the Small Business Act for the purpose of providing a comprehensive program of relief to alleviate the drastic disaster situation that now exists in the agricultural economy of the lower Mississippi Valley and other areas of the United States due to excessive rainfall and other inclement weather conditions.

The proposed amendment to the Federal Farm Loan Act would authorize a \$200-million fund to be made available within the Farm Credit Administration for disaster relief loans in agricultural

areas declared such due to excessive rainfall, drought, hurricane and wind damage, excessive cold, and other acts of God.

The amendment is designed to give immediate relief to farmers and their suppliers who have suffered severe financial loss and reverses due to crop failure. It proposes that the \$200 million be made available through the intermediate credit banks to production credit associations, cooperatives, banks, and private lending institutions throughout the present and future disaster areas. Under the plan, borrowers who have been unable to meet the obligations incurred in producing the 1957 crop will be given an opportunity to go to their lending agency and arrange for a special loan for a 3-to 5-year period to immediately liquidate the debts they now owe and cannot pay which were incurred in the production of the 1957 crop. It is intended that this special type loan will be entirely divorced from the production loan that will be necessary for the 1958 farm operation.

The widespread nature of the present disaster requires a program far more extensive than that provided for under the Farmers' Home Administration. The bill supplements—and not supplants—the function of the FHA in disaster relief. It will also supplement the companion amendment we are now introducing.

This companion amendment would amend the Small Business Act to enable the Small Business Administration to make certain emergency loans in disaster areas where farm implement dealers, fuel oil suppliers, seed, feed, and chemical dealers, and others are caught with large unpaid balances for supplies and services upon which credit was given to farmers during the past year. The present Small Business Act now provides for such assistance. However, it is limited to areas proclaimed disaster because of hurricane and drought and does not cover disasters proclaimed by reason of excessive rainfall or other conditions, such as have occurred in many areas of the United States in 1957.

Mr. President, 1957 was one of the most disastrous years in certain areas of the United States that has occurred since 1930. The lower Mississippi Valley was particularly hard hit on both sides of the river from Cairo to New Orleans. Excessive rainfall started at the beginning of harvest and has continued up until the present time. Farmers in this area are totally unable to gather their crops, one of the biggest crops that they had ever made. Cotton, beans, corn, everything was affected. The producers were simply unable to get into their fields from September up until now to gather and place in the bins not only one of the greatest crops that the area had ever made but the most expensive crops. Estimates of damage range from \$300 million to \$500 million in the lower Mississippi Valley.

These staggering losses today represent a severe strain on the farm credit machinery that has serviced this area. Our present farm-credit machinery, as presently administered, is wholly inadequate to cope with a disaster of this magnitude.

Everyone knows that many commercial banks have long since ceased to make agricultural loans and that the field of agriculture credit has been relegated for the past quarter century to agencies operating under the Farm Credit Administration.

Mr. President, I ask unanimous consent that I may yield to the Senator from Arkansas [Mr. FULBRIGHT] for a few moments, before I conclude my remarks.

The VICE PRESIDENT. Is there objection to the request of the Senator from Mississippi? The Chair hears none, and the Senator from Arkansas may proceed.

Mr. FULBRIGHT. Mr. President, I wish to associate myself with the remarks made by the Senator from Mississippi, and I shall not elaborate on his comments or engage in a lengthy discussion with respect to the merits of the proposed legislation.

First, I ask unanimous consent that, at the end of the remarks of the Senator from Mississippi, there may be printed in the RECORD a letter from the Department of Agriculture, dated December 10, 1957, which is in answer to my letter to the Secretary of Agriculture dated November 29, 1957. I also ask unanimous consent that a copy of my letter be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

(See exhibit 1.)

Mr. FULBRIGHT. Mr. President, I have before me 3 articles, 1 published in the Arkansas Democrat, and 2 published in the Arkansas Gazette. These articles describe very vividly and adequately, I believe, the conditions which exist in my State and demonstrate quite clearly, in my opinion, the reasons for the enactment of the proposed legislation.

The Senator from Mississippi [Mr. EASTLAND] should be commended for his leadership in developing the proposed legislation, and I shall see to it that when the proposed amendment to the Small Business Act comes before the Committee on Banking and Currency it will receive prompt attention and action. I know that the Senate will cooperate in making available to our part of the country this very important and desperately needed legislation. I know of nothing which is more important to the welfare of our area than the bills the Senator from Mississippi is introducing. I thank him. I ask unanimous consent that the three articles which I mentioned be printed in the RECORD at the conclusion of the Senator's remarks. One article, published in the Arkansas Democrat of November 26, 1957, is entitled "State Farmers Count Crop Loss in Millions." The first article published in the Arkansas Gazette on November 14, 1957, is entitled "Dreams of Farmers Shattered by Rain;" the other article, published on December 13, 1957, is entitled "Weather-Battered Eastern Arkansas Faces Lean Year."

The VICE PRESIDENT. Without objection, it is so ordered.

(See exhibit 2.)

Mr. EASTLAND. Mr. President, I thank the distinguished Senator from Arkansas, the chairman of the Commit-

tee on Banking and Currency, for his assurance that he will immediately proceed to consideration of the bill.

Mr. President, I ask unanimous consent that I may yield to the Senator from Tennessee for 2 minutes.

The VICE PRESIDENT. Is there objection to the request of the Senator from Mississippi?

Mr. KNOWLAND. Mr. President, I must object. I would object regardless of whether the request came from this side of the aisle or from the other side. My objection is based on the previous statement made by the distinguished majority leader, which was concurred in by the Senate, that on this opening day, when many Senators wish to introduce bills and transact other morning business, Senators be recognized alternately from each side of the aisle.

Mr. EASTLAND. These remarks all deal with the same bill.

Mr. KNOWLAND. I understand. However, there are many Senators waiting who wish to introduce bills. If we follow the procedure outlined by the majority leader earlier today I believe we will expedite business and we will not get into any problems on this subject.

Mr. EASTLAND. Mr. President, it will be recalled that back in the 1930's when we had the great nationwide drought of that year, Congress did little or nothing to counter the downward trend in agricultural income. We wholly failed to realize the significance of the disaster that had stricken American agriculture and nothing was done to shore up farm credit until it was too late—1931 and 1932 followed with their trend of credit chaos and bankruptcies until the national income had shrunk to such proportions that it could hardly maintain the national debt. At that time our farm credit machinery was revamped and no longer were the American farmers dependent entirely upon commercial channels for agricultural credit. Production credit associations were authorized throughout the entire farming area of the Nation and these associations became the credit sources to maintain and sustain American agriculture.

Other emergency steps were taken under the Farm Credit Administration to help in that emergency. The Federal Farm Mortgage Act was passed, seed loans were authorized, Federal Land Bank Commissioner Loans were created and all of these newly created devices proved useful in the rehabilitation of farm credit. As credit in the farming community was reestablished many of these devices were allowed to lapse and the entire burden of farm credit was turned over to the Production Credit Association. The system has worked well when taken together with the disaster loan powers of the Farmers Home Administration.

Farm credit generally became so stabilized under the coordinating program developed by the Farm Credit Administration and the Agricultural Adjustment Act that we entered into a new and unprecedented era of Agricultural solidarity. During this period agricultural technology developed at a most rapid pace. Machinery entirely supplanted

the mule and animals in soil cultivation. Chemicals began to play a larger and larger part in successful agricultural production. The stabilization of agricultural credit was on such solid ground that implement dealers, oil jobbers, seed and feed, fertilizer and chemical dealers and many other small businesses that operated to supply the basic needs and requirements of farm operations were able to supply a great portion of the credit and services for these operations outside of the actual production loan made to finance the operation of the individual farmer. This is particularly true in the time period from the maturity of a crop until it is harvested and in the bin or barn. Farm implements and machinery, replacement parts and repairs now constitute a large portion of the individual capital investment on any farming operation large or small. This is entirely credit operation. Likewise, tractor fuels and combine fuels are largely financed outside of the production loans. This class of small independent merchants who supply these services to the farmers are today in equally as bad a shape as are the farmers themselves because of the current disaster. Some method of relief must be devised to aid and assist both them and the farmers involved.

Under the present setup, when a disaster in a farming area is proclaimed by the Secretary of Agriculture, the Farmers Home Administration is authorized to make production loans to farmers who have been hard hit by the disaster and cannot receive credit from production credit associations or commercial banks. In this contingency the Farmers Home Administration will make production loans for the next year's crop. These loans, though, do not contemplate helping the farmers pay their past due obligations, but these past due obligations, including unpaid notes on farm machinery secured by lien, and interest payment, and so forth, are compelled to be set aside through standby agreements and the farmer's creditors are forced to wait another year for payment.

Under ordinary circumstances, while hardships were created, on the whole this plan worked reasonably well notwithstanding the complaints from the business community in the agricultural area.

However, 1957 proved to be a year that was not an ordinary disaster year. In previous years the disasters when proclaimed were usually limited to very small areas or were found to be in areas of very low-cost agricultural production. Nineteen hundred and fifty-seven was not this type disaster. The disaster was widespread and hit at the very heart of high cost agriculture production, that is, the lower Mississippi Valley, Florida, and many other areas of the country. In Mississippi alone 59 counties out of 82 have been declared disaster areas, 400,000 people in Mississippi are on commodity relief. In Arkansas 51 counties were declared disaster areas and commodity relief is being extended in that State. Southeast Missouri, west Tennessee, and Louisiana are similarly affected. In fact, the entire lower Mis-

sissippi Valley from Cairo south on both sides of the river and large areas of the southeastern part of the United States together with large areas in Texas. We hear of adverse weather in Florida where freezes destroyed the citrus crop; there was destruction of the peanut crop in Georgia; wet corn in Minnesota and Illinois and many other adverse conditions in agricultural areas.

The staggering effects of this disaster are revealed in the Department of Agriculture cotton estimate reports. In August the cotton crop in the United States was estimated at about 13 million bales. By this time the ginners report should have confirmed this very accurate forecast of the Department of Agriculture. However, the ginners report revealed a prospective shortage of about 2½ million bales of cotton and this shortage is largely limited to the lower Mississippi Valley plus other portions of the Southeastern part of the United States and some areas in Texas.

In fact, the December ginners report as of December 13 states that Mississippi, Arkansas, and Missouri were running 1,188,000 bales below the September estimate and this is cotton alone, not counting the proportionate losses in other farm crops. A grassroots meeting held at Stoneville, Miss., with the Mississippi Delta Council acting as host with representatives from Mississippi, Louisiana, and Arkansas present, it was estimated that the farmers in these areas lack 40 percent of paying their production loans plus farm liens and necessary open accounts owing to concerns furnishing agricultural services.

Another of the tragic aspects of this situation is the effect that these losses have on business supplying agriculture. Farmers in this area are unable to pay their implement notes, they are unable to pay their chemical bills, they are unable to pay their fertilizer accounts or pay for their tractor fuel. I hold in my hand letters which I have received from tractor fuel dealers, fertilizer and chemical dealers and implement dealers in the area proclaimed a disaster area by the Department of Agriculture. Most of these dealers state that they cannot carry on next year. Some of them state very frankly that their business will be forced to close except by the sufferance of their creditors.

The proposed amendment to the Small Business Act is designed to give immediate relief to this type of small business operation.

Small business loans, as helpful as they might prove to be, are not the answer to the collapse of agricultural credit. The disaster loan program has heretofore operated well in limited situations. It must be supplemented for this present major disaster and possible future catastrophes. What is called for is second mortgage refinancing over a period of years in such a fashion as not to impede established systems of credit.

If enacted, the proposed amendment to the Farm Loan Act will fulfill this need. The \$200 million authorization is not an appropriation and will come from assets now available to the Intermediate Credit Bank. What the amendment proposes is

simply this: It will give to the Farm Credit Administration the authority to make loans through the Intermediate Credit Banks to production credit associations and other lending agencies of a character and nature that are not now permitted by law. Let me give an illustration as to how the plan would work. Through crop failures an individual farmer is now confronted with a net operating loss of \$10,000 on his 1957 operation. Furthermore, he does not have the money to pay taxes that are now due. He must obtain a loan to produce his 1958 crop; yet he is behind on the payments for his tractors and machinery, owes large bills for fuel oil, poison, machinery repairs and numerous open accounts for groceries, drugs, and other essentials that formed an integral part of his 1957 operation. Under this proposed amendment he can now go to his lending agency and arrange for his 1958 production loan. In addition to this loan the lender will carefully examine the obligations carried over from the 1957 crop in a supplemental loan covering a period of from 3 to 5 years. The money will then be made available for him to pay off the numerous tractors included in the 1957 deficit.

At this point I ask unanimous consent to insert in the RECORD a letter which I have received from Honorable P. F. Williams, Clarksdale, Miss., a member of the National Advisory Committee of the Farm Credit Administration written to Gov. R. B. Tootell, Governor of the Farm Credit Administration. A similar story is told by all production credit associations in the affected area. I likewise ask to insert in the RECORD a copy of a letter which has been written by Senator FULBRIGHT and me to Governor Tootell.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

DECEMBER 19, 1957.

Mr. R. B. TOOTEL,
Governor, Farm Credit Administration,
Washington, D. C.

DEAR BOB: I have had two conversations with Mr. Courtney Pace, executive secretary to Senator JAMES O. EASTLAND, with reference to conditions prevailing in the Mississippi Delta, Arkansas Delta, Louisiana Delta, and Missouri Delta. In addition to the plan which Senator EASTLAND first started we have had a number of Senators and Representatives from Mississippi, Arkansas, and Missouri to suggest similar plans.

Personally I cannot see how the production credit associations are going to finance the farmers in the shape they are in financially now. The farmers have land payments to make, taxes, implement notes to meet, poison from last year's crop to pay for; in fact, the farmers have innumerable obligations to meet, and the production credit associations simply cannot lend them enough money to meet their debts and money with which to produce a crop in 1958.

I have discussed this proposition with a number of large producers, also discussed the matter with production credit associations. I am told that either the old Federal mortgage loan or the Federal land bank commissioners loan can be reactivated at once, and they can put out second-mortgage money which will enable the farmers to pay the 1957 debts and then get money from the production credit associations with which to produce a crop in 1958.

Implement dealers have not got the money to carry over the debts until 1958. The banks have not got the money to carry the debts over for the farmers. The production credit associations have not got the money to carry over the debts simply because the farmers have not got the security to put up to pay their debts. I will thank you kindly if you will look into this matter and see what can be done.

I talked to Mr. Pace yesterday afternoon, and he tells me that certainly the National Advisory Committee knows something of the seriousness of this proposition in the States of Mississippi, Arkansas, Missouri, Louisiana, and east Texas. Senator STENNIS, of Mississippi; Mr. SMITH, Congressman from Mississippi, who lives in Greenwood, Miss.; and other Mississippi Congressmen are very anxious to have the advisory committee take this matter up in January with you, your board, and the Congress.

If you should want to investigate the facts, I would certainly be delighted to have you come to Clarksdale or send somebody to Clarksdale, and we will help you in any way.

Frankly, something has got to be done and done quickly.

Sincerely,
P. F. WILLIAMS,
Member, National Advisory Committee, Fifth District.

UNITED STATES SENATE,
COMMITTEE ON BANKING AND CURRENCY,
December 20, 1957.

The Honorable R. B. TOOTEL,
Governor, Farm Credit Administration,
Washington, D. C.

DEAR GOVERNOR TOOTEL: We are in receipt of a copy of a letter addressed to you by Hon. P. F. Williams, member of the National Advisory Committee of the Fifth District of the Farm Credit Administration. The letter outlines the inadequacies of the present farm credit machinery in the disaster areas proclaimed by the Secretary of Agriculture for Missouri, west Tennessee, Arkansas, and Mississippi. Probably other States now or will soon have similar problems.

As of this time, the Secretary of Agriculture has proclaimed 59 counties in Mississippi, 52 counties in Arkansas, several counties in Missouri and west Tennessee as disaster areas. Incessant rain during the harvest season has rendered it impossible for the farmers in these areas to meet their obligations.

In Mr. Williams' letter he states "I cannot see how the production credit associations are going to finance the farmers in the shape they are in financially now. The farmers have land payments to make, taxes, implement notes to meet, poison from last year's crops to pay for. In fact the farmers have innumerable obligations to meet, and the production credit associations simply cannot lend them enough money to meet their debts and money with which to produce a crop in 1958." He then suggested the reactivation of the former Federal mortgage loan program or the Federal land bank commissioners loan program so that farmers will have available second-mortgage and chattel refinancing over a period of years to enable them to pay 1957 debts.

We concur in the observations made in Mr. Williams' letter to you. We have realized the seriousness of this condition for some time and we also feel that the present credit machinery is inadequate.

Disaster loan officials are reluctant to make loans to refinance existing obligations. However, this is the crux of the problem which confronts the people in these areas.

The situation is very bad. However, it is not so bad that it cannot be handled by a realistic appraisal of the magnitude of the task coupled with the realization that the primary need is adequate credit over a suffi-

cient length of time to enable the obligations and losses to be liquidated.

Mr. Williams suggested a meeting of the Advisory Committee of the Farm Credit Board and we concur that some action along this line would be very helpful.

Early in January we will propose an amendment to the Small Business Act to enable the Small Business Administration to extend its disaster loan program to areas where disasters occur because of excess rainfall, as well as drought and hurricanes. We realize, of course, that this is not the answer to the entire credit problem, but believe it will be helpful. The farm economy in our areas has been stricken to such an extent that the business community, which directly and indirectly depends upon agriculture, is also suffering. Small business loans are necessary to finance inventories accumulating because of lack of sales to farmers, and because of uncollected accounts.

Early in January we expect to have hearings on this amendment and we are suggesting to some of the agriculture, credit and business leaders in the affected areas that this might be an appropriate time to ask some persons who are acquainted with conditions in the area to come to Washington for a discussion of this matter with their representatives in Congress, and officials of the executive agencies involved. We believe such a meeting would be helpful in pointing out the extent of the disaster and bringing forth suggestions as to how our credit machinery can be shaped to meet the immediate need.

We hope you and your advisers will be available to participate in these discussions at that time. In the meantime we hope that your agency will give careful and urgent consideration as to what can be done, either by regulation or amendment to existing law, to help the people in these areas. Prompt action is necessary, for, as you know, the 1958 planting season must be arranged for in the next few weeks.

Sincerely yours,
JAMES O. EASTLAND.
J. W. FULBRIGHT.

Mr. EASTLAND. Mr. President, the Senator from Arkansas [Mr. FULBRIGHT] and I have suggested that the importance of this question would, in our opinion, justify business and credit leaders coming to Washington to meet with their representatives in Congress and to appear before such committees as may seem appropriate and discuss this whole subject in a roundtable form with the administrative agencies involved, which would be the Small Business Administration, the Farmers Home Administration, and the Farm Credit Administration, looking forward to whatever steps are necessary to take to meet the emergency character of the declaration of disaster as presented by the Secretary of Agriculture. Undoubtedly many Senators and Congressmen who are not immediately affected at this time will be tremendously interested in this entire subject matter. We have suggested January 21 as a target date for such a conference.

The two presently proposed amendments will give to the conference a sound base for a thorough discussion of the situation. Copies will be distributed to each Member of the Senate. Their suggestions, advice, and criticisms between now and the convening date of this conference will be appreciated, as well as their participation in the conference itself.

I believe that Senators who have heretofore introduced legislation on subjects similar to this will find in these two proposed amendments the complete answer to every problem with which they were confronted at the time of the introduction of their bills, and this proposed procedure is far simpler than the procedures that have heretofore been suggested.

Mr. President, we urge the immediate passage of these amendments.

The VICE PRESIDENT. The bills will be received and appropriately referred.

The bills, introduced by Mr. EASTLAND (for himself and other Senators), were received, read twice by their titles, and referred to the Committee on Banking and Currency, as follows:

S. 2920. A bill to provide for small business disaster loans in areas affected by excessive rainfall; and

S. 2921. A bill to enable the Federal intermediate credit banks to limit endorsers' liability on loans in disaster areas.

EXHIBIT 1

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, December 10, 1957.

Hon. J. W. FULBRIGHT,
United States Senate.

DEAR SENATOR FULBRIGHT: We were glad to get your letter of November 29, 1957, and to have your appraisal of the distress caused among Arkansas farmers because of excessive rains over the past month. Your letter confirms information that has been made available to us from other sources.

We have tried to alleviate the difficulties faced by Arkansas farmers because of the excessive rain. On May 29, the President designated flooded areas in Arkansas as major disaster under Public Law 875. On August 19 he amended this designation to include additional areas. We sent one of our most able fieldmen, Mr. James Cross, into Arkansas. He gave us a report indicating the extent of the disaster. On June 20, the Commodity Credit Corporation made available surplus stocks of feed grain without cost to eligible Arkansas farmers for the purpose of maintaining their distressed livestock in Lafayette, Little River, Hempstead, and Miller Counties.

Under Public Law 38, 26 counties have been designated by the Secretary as eligible for emergency credit. Nineteen counties have been designated for agricultural conservation practices. Two hundred and ninety thousand dollars has been sent into the State as a contribution to restore flood-damaged lands. We are now reviewing this program so as to make further contributions for restoring flood-damaged areas after January 1.

As of June 1, 1957, 178,443 family units were receiving donated surplus commodities from the Department of Agriculture. These commodities are still available to those in need.

It is noted that you believe that emergency credit policies should be reviewed with the end in view of granting emergency loans for refinancing existing debts. Farmers' Home Administration is only one of many credit institutions serving Arkansas farmers. We have inquired as to deposits in Arkansas banks and find that while deposits are down, the banks are still in a strong position.

In addition, production credit associations operate in your State and the Farm Credit Administration advises us that they are able with very few exceptions to take care of their regular customers and are willing and able to serve new ones. In short, there is no shortage of loanable funds

in the area served by the Federal Intermediate Credit Bank of St. Louis.

The Department has two statutory authorities which may be used to assist farmers with loans falling in the general category of production and intermediate-type credit. These statutory authorities will be used to the fullest extent possible in assisting Arkansas farmers as a result of the losses that have occurred there. The policies under which these loans are made are based upon the provisions in the statutes and understandings that have been reached with Congress concerning the use of such authorities. These two types of loans are explained below:

Operating loans under title II of the Bankhead-Jones Farm Tenant Act are made to eligible farmers for such items as seed, fertilizer, gas and oil, machinery repair, other farm needs and living expenses. These loans are also made for the purchase of livestock, farm machinery, and the refinancing of debts on livestock and farm machinery. These loans are made from appropriated funds. The county offices of the Farmers Home Administration are now processing loans to farmers for the purposes indicated above as applications therefor are approved by the local county committees.

Emergency loans under Public Law 38 are now available in 25 counties in Arkansas which have been designated by the Secretary of Agriculture. These loans are available for farm operating costs and living expenses. However, the operating budgets made up in connection with these loans may include interest to other creditors for loans secured by liens on farm machinery and loans secured by real estate liens on the farm. These loans are not available for the refinancing of debts. These emergency loans are made from a revolving fund established by Congress when Public Law 38 was enacted in 1949. The Department's policy of not making loans from this revolving fund for the refinancing of debts to other creditors has been a long-standing policy of the Department. This policy has been discussed at many hearings before congressional committees participated in by Department officials.

It has been our experience that the use of both authorities described herein will enable the Department to satisfactorily meet the credit needs in these emergency areas.

The Department of Agriculture stands ready through the Farmers' Home Administration to assist with emergency credit in the financing of eligible farmers for production of next year's crops. It is particularly alert to assist farmers who have suffered from disasters beyond their control but wish to continue their operations. It is ready to help with the conservation practices in restoring land damaged by excessive rains and floods. If there is a need for feed grain to maintain basic breeding herds, these supplies may be made available. In addition, the Department of Agriculture can, as it has done heretofore, make surplus foods available to needy persons.

It is not the intention of the Department of Agriculture to hide behind technicalities in reviewing requests for assistance on receipt of reports from our State disaster committee. Action to alleviate distress among Arkansas farmers will be taken in a sympathetic and understanding manner. We will give prompt consideration to all requests from the Arkansas State Disaster Committee to the full extent intended by the appropriate statutes. This includes assistance in the purchase of feed grain, assistance in the rehabilitation of flood-damaged lands, emergency credit, and making available surplus foods.

It is to be regretted that more farmers who suffered such severe losses could not avail themselves of the protection provided by the Department's Federal crop insurance

program or hedge against loss by taking advantage of the soil bank program. By use of these programs a farmer can protect himself against disastrous losses and it is suggested that these protections be considered in planning next year's farm operations.

Again let me assure you of our desire to be helpful in serving the farmers of Arkansas who find themselves in difficulty.

Sincerely yours,

TRUE D. MORSE,
Under Secretary.

UNITED STATES SENATE,
COMMITTEE ON BANKING AND CURRENCY,
November 29, 1957.

The Honorable EZRA TAFT BENSON,
Secretary of Agriculture, Department
of Agriculture, Washington, D. C.

DEAR MR. SECRETARY: I should like to call your attention to the critical situation facing Arkansas farmers brought about by the cumulative effects of adverse weather this year.

As you know, Arkansas and other States in the West and Southwest had until this year suffered through several years of serious drought. The drought forced many farmers to abandon or sell their farms and seek work in the cities. Countless others were left in an almost impossible financial situation. Much of the distress suffered by farmers in Arkansas could have been alleviated by prompt and sympathetic assistance under the disaster programs administered by the Department of Agriculture. For example, Arkansas farmers suffering from last year's drought were not made eligible for hay and grain assistance under Public Law 875 until February of this year and then only 8 counties were designated. This was only a fraction of the counties pleading for relief, and the aid given was much too late to save many farmers from ruin. A more sympathetic attitude toward the problems of the disaster stricken farmers by Department personnel would have prevented much distress.

Most farmers were optimistic over prospects this year and hoped for fairly normal weather conditions. However, a late freeze destroyed much of the fruit crops. Extensive heavy rains during the planting season prevented many farmers from planting their crops until early summer and newly planted crops on thousands of acres were washed out by flooding. Some farmers planted their crops as many as three times before achieving success. Despite these adverse effects, indications this fall pointed to good crops, considering the acreage under cultivation. Two weeks of torrential rain this month have completely changed this picture and the farmers are in serious difficulty again.

The State has already received rainfall of 66.43 inches this year—more than any year since 1884. As of November 19, the rainfall for November already measures 9.24 inches. This has had disastrous effects on crops now being harvested. Thousands of acres of good cotton are lying completely under water, and if any cotton is to be salvaged from this land it will be of very poor quality. The cotton crop harvest was far behind normal schedule, due to the late planting and other factors. Much of the crop was still in the fields when the rains came. Reports of crop damage are incomplete at this time, but losses will undoubtedly run into many millions. In Jefferson County alone the county agent estimates that the cotton crop losses will be at least \$3 million. Similar losses can be expected for all cotton-producing counties in eastern Arkansas and the lowlands of the southwest. Great losses will also be incurred in the rice, soybean, sorghum, and lespedeza crops. The farmers of Arkansas are in need of all possible assistance from the Department of Agriculture to help in recovering from this catastrophe.

Twenty-five counties in Arkansas are currently eligible for emergency loans under the provisions of Public Law 38. Many counties most seriously affected by the recent rains are not included in this authorization. It is apparent that many more counties should be authorized for emergency loans. I understand that additional action is needed to make the already designated counties eligible for aid for losses from recent flooding since the current authorization relates only to losses suffered earlier this year. I hope this authorization will be made promptly and that the other counties which were afflicted by recent rains will be added to the eligible list.

I realize that the current Department policy does not favor granting emergency loans for refinancing existing indebtedness. I believe this policy should be reviewed. One of the greatest needs of the farmers is for refinancing debts to prevent foreclosures on their land and chattels as well as preventing additional strains on an already overburdened farm credit situation. The current credit needs of the farmers cannot be met with "production" loans. Therefore, I urge that you give careful and considerate attention to making available emergency-type loans for refinancing purposes.

The farmers in Arkansas have suffered tremendous losses in recent years through no fault of their own. They are normally conditioned to accepting setbacks by nature, as are farmers everywhere. However, they have a right to expect the Department of Agriculture to make available without delay in emergency conditions the disaster relief which Congress has authorized. It is difficult to tell at this stage what additional assistance Arkansas farmers will need other than emergency credit. In all probability, feed and grain relief under Public Law 875 will be needed in some sections. Many areas will need authorization for land rehabilitation practices under the agriculture conservation program. I hope that the Department will take a positive attitude toward relieving the plight of the affected farmers and will not hide behind technicalities in refusing requests for assistance. The Department will, of course, receive official reports from the State disaster committee on needs for various types of aid. I urge that these reports be acted upon promptly so that the farmers can receive the relief to which they are entitled.

Sincerely yours,

J. W. FULBRIGHT.

EXHIBIT 2

[From the Arkansas Democrat of November 26, 1957]

WEATHER TO BLAME: STATE FARMERS COUNT CROP LOSS IN MILLIONS

(By Clifton Wells)

The weather has dealt Arkansas' delta cotton farmers a body blow.

"Some of them are out of business right now and don't know it," said one eastern Arkansas observer.

While it is the delta farmers who have felt the brunt of periodic rains and an early freeze, growers in all sections of the State are suffering. And the impact of reduced farm income already is being felt by many segments of business.

Farmers with reduced production and crops of poor quality which will bring lower prices, will have fewer dollars to spend. Many may not be able to repay loans they received last spring.

The Agricultural Department said that on October 1, the cash income of Arkansas farmers was down \$85 million from last year.

Harold F. Ohlendorf, Osceola, president of the Arkansas Farm Bureau Federation, described the situation as critical. He said it could get worse.

Neither Ohlendorf nor Government officials would estimate the total damage wrought by the weather or what the ultimate loss might be. But they agreed that it already is in the millions of dollars.

The weather threw its first punch last spring.

Rains caused widespread flooding from surface water and rivers. Thousands of acres along rivers and creeks throughout the State were inundated and surface water covered much acreage in northeast Arkansas, destroying just planted crops.

Farmers replanted—some of them two or three times.

Through the summer more rain hampered cultivation and spraying operations, despite a plush growing season.

In October still maturing crops—delayed because of the late planting—were caught by an early freeze.

Then came more rain, again pushing rivers and creeks out of their banks and preventing harvest. Machines and laborers were idled as the rainfall either ruined or lowered the grade of stands still in the soaked fields.

By November 1 last year, 1,257,047 bales of cotton had been ginned in Arkansas. The Census Bureau said that prior to the same date this year only 644,577 bales had been ginned—a reduction of nearly 50 percent.

During the first three-quarters of 1956, the Agriculture Department said, Arkansas farmers received \$343,262,000 for their products. During the same period of 1957 the cash income was only \$258,135,000.

The Arkansas farmer—now faced with a smaller than normal crop and one of low quality—began the year with fewer acres on which to plant cotton.

The State's allotment for 1957 was 1,416,809 acres compared to 1,424,511 the previous year. In addition, about 186,000 acres were placed in the soil bank, a program under which the Government tries to reduce surpluses by discouraging planting.

Flooding prevented many acres from being planted.

The crop loss in Jefferson County alone recently was estimated at \$3 million—a figure based on normal production.

Ashley County Agent D. M. Vaught estimated the cotton loss at \$500,000. The loss to all crops in Randolph County was placed at \$1 million by the Agriculture Department.

In Craighead County, the county agent, Herbert Russell, said Craighead farmers would be lucky to get 50,000 bales of cotton this year. He said Craighead produced 77,000 bales a year ago.

The loss in farm income already is being felt.

Amos David, Caraway, a butane-gas dealer, reported about 25 percent more delinquent accounts than last year. A lot of the delinquents, he said, are customers who normally would take advantage of 30-day discounts.

An implement dealer in northeast Arkansas said his business was off 20 percent and delinquent accounts up 40 percent.

The east Arkansan, who said many small farmers were already out of business but didn't know it, said, "They'll find out next spring when they try to get their furnish."

[From the Arkansas Gazette of November 14, 1957]

DREAMS OF FARMERS SHATTERED BY RAIN (By Leland DuVall)

The dreams of Arkansas farmers are turning to nightmares in the wake of rainstorms and generally adverse weather.

After struggling through one of the most difficult and expensive spring planting seasons in recent years, farmers emerged with what promised to be a fair to good crop. The freeze and excessive rains have changed the picture.

Even before the latest storms, the Arkansas cotton crop prospects had declined sharply. The latest estimate, based on conditions as of November 1, placed the crop 10 percent below the October report.

But this is by no means the biggest loss. Farmers probably will feel their sharpest pains from loss of grade. The market spread is unusually wide this year and there is a good chance that it will increase more.

Little Rock buyers said yesterday that the price spread from the Middling grade upward was not particularly wide but from the Middling grade down the market slips sharply. One buyer said yesterday that the spread was about \$20 a bale between Middling cotton with a staple Low Middling with the same staple.

PER POUND SPREAD

Stated in price, this would mean that if Middling cotton of the specified length were selling at 36.5 cents a pound, the same staple length in Strict Low Middling would bring only 32.5 cents. Another buyer said Strict Low Spotted cotton of this staple length would bring no more than 24 cents. There were reports that some cotton was sold at 17 cents.

When this rain stops and the cotton is finally picked, there is a good chance that the grade will be down to the point that the selling price will range between 19 and 25 cents, one buyer said.

The weather was responsible for part of the loss of anticipated production. The crop was planted considerably later than usual but there appeared to be a good chance that it would overcome the handicap and make a normal or better crop. Cool, damp weather late in the growing season slowed the maturity rate so that the bolls that were set did not fill out as rapidly as they would have done in hot weather.

DEFOLIATION DIFFICULT

Defoliation, where it was tried, was difficult and this slowed the harvest of the early cotton.

"There has been little opportunity to use the mechanical pickers," said William E. Woodall, extension cotton specialist. "I have seen some of the machines at work and they were doing a poor job. The farmers had no choice, since they were faced with the alternative of losing the whole crop or gathering what they could."

He said that in fields where the tires of the picker slipped or skidded, the efficiency of the machine declined rapidly because of the altered ratio between the picking drums and the movement through the field.

OTHER CROPS

Rice farmers are facing similar problems. Harry W. Wellhausen, extension agronomist, said much of the early rice had been harvested but the late crop was threatened by high water. Farmers are faced with higher costs because the harvest will be slow.

Losses of grain sorghum are expected to be heavy.

Soybeans present a slightly different problem. Wellhausen said most of the beans were mature when the frost came and there was little danger of shattering.

But short days and wet ground will keep the moisture content of the beans high and this will interfere with the storage. Wellhausen said beans could be stored safely if they had less than 14 percent moisture. Above that level losses will occur. The alternative is to harvest the beans when the moisture content is high, then dry them to the safe level.

But this is expensive.

The tragedy of the whole thing is that the circumstances are completely out of the hands of the farmer and the troubles were caused by factors over which they had no control.

[From the Arkansas Gazette of December 13, 1957]

WEATHER-BATTERED EASTERN ARKANSAS FACES LEAN YEAR
(By Bill Lewis)

PARKIN, December 12.—Man and the elements combined this year to deal farmers of the rich St. Francis River lands of this area a blow that, for some of them, may well prove to spell financial ruin.

Spring floods delayed planting or required replanting, in some cases as often as three times. This in turn caused late-maturing crops that were severely damaged by an early frost.

Then the rains came again and while the water has greatly subsided, thousands of acres of dirty cotton, milo grain sorghum, and other crops lie unharvested in still soggy fields.

The situation has reached the point where field hands, whose employers are unable to continue carrying them financially, plod through the wet fields in weather so cold that it normally would keep them indoors, picking the ragged cotton tatters that remain, earning enough to keep eating.

A week, two at the most, will wind that up, and one large-scale farmer said the only prospect for relief for the hands after then would be surplus commodities, distributed by county judges.

Cross County people are accustomed to floods—the seasonal ones that result from high water in the Mississippi River. The flooding, in fact, is largely responsible for the richness of their soil. But in the past, these have occurred before the planting season and after harvesting, and the first killing frost hasn't come so early.

Rainfall for the county normally averages about 50 inches. By this week, 73.922 inches of rain had hit Cross County itself, and as much or more had fallen in the areas to the north drained by the St. Francis.

Years ago, the St. Francis, which squeezes between Crowley's Ridge on the west and a high bank on the east to the southwest of Parkin, could easily handle the excessive rains that fell in southeast Missouri and northeast Arkansas. The excess water meandered through the gullies, taking its normal lazy time.

Now, an elaborate system of drainage ditches making up the Little River drainage system in southeast Missouri speeds the excess water down the tributaries that feed into the St. Francis and a manmade leveed ditch now called St. Francis Bay. The river and the bay meet at a point just above the river's "tight squeeze" at Parkin, bringing more water than the well-confined riverbed can possibly handle. The water simply backs up, overflowing roads, fields, and the foundation of houses.

ONLY \$3 MILLION

The Corps of Engineers has started a project for opening up the bottleneck by ditches from the Mississippi River northward to the Parkin area, but this is expected to cost some \$55 million and the corps now is getting only about \$3 million a year for the work.

Farmers of the area are in agreement that this is the only solution to the problem of flooding caused by excessive rains and they press their cause for more funds for the engineers at every opportunity. They concede that their chances for speeding the work aren't too bright at the moment, in view of recent congressional talk of the increased cost of a missiles program to match Russia's. Sputniks seem remote to them in their present difficulties.

Cotton is, of course, the principal crop and moneymaker, with rice next, soybeans third, and milo fourth. Despite the adverse weather, rice planters have fared better than the cotton farmers, but in a county where the entire economy is pegged to agriculture,

losses in any crops are felt by just about everybody.

GRADE LOSS GREAT

Troy S. Jennings, the Cross County extension service agent, has estimated that for cotton and rice, production costs for this year's crops were 25 percent greater than normal and that on cotton crops alone, farmers will lose \$600,000 to the downgrading of cotton quality and \$125,000 for the acreage not planted. The loss on rice from these two causes will run about \$285,000, soybeans \$200,000, and milo \$65,000.

Cotton that normally would sell for 36 to 37 cents a pound will be downgraded to 21 to 25 cents. And the amount of even this poor quality of cotton that can be harvested has been reduced in many instances to one-fourth of the estimated crop.

Miles McPeek, statistician with the Department of Agriculture, estimates this year's cotton crop for the entire State will amount to 985,000 bales, 31 percent less than last year's crop, and 32 percent below the 10-year average. Early sales have been at slightly improved prices but he expressed the opinion that prices would drop even more than 31 percent when the damaged cotton reaches the market.

Added to the excessive and early frost was an unusually cool and moist fall that retarded the opening of the cotton bolls.

J. E. Hollan, Jr., of Levesque, who operates a general store and gin for about 1,800 acres of cotton farmland, said he normally could expect to gin at least a bale per acre.

"The first overflow took 25 percent," Hollan said. "We lost another 25 percent from frost damage in October and another 25 percent in the November flood. So far we've ginned 597 bales on better than 1,800 acres of land, and that's about all we'll get this year."

BUILT LEVEES

One of Hollan's neighbors, John H. Johnson, built levees around about 1,000 acres of his cotton and milo land, which borders on Crowley's Ridge, installed lift pumps and saved his crop. But pumping and levee work are expensive and even impractical for the lower-lying areas of the county.

Morris Smith, Jr., of W. M. Smith & Sons, one of the larger farms of Cross County, said 700 acres of their farm had been under water for 5 months of this year—4 in the spring and 1 in the fall—and the chances are much of that land will be inundated for the rest of this year.

The high water blocked a gravel road normally used to transport cotton to the gin, and instead of 6 miles, Smith had to haul the harvested cotton 45 miles.

Smith is a director of the St. Francis Levee Board which is promoting the Corps of Engineers project. The project is federally financed. He said the project, if completed now, would lower the St. Francis River 8 feet.

The Smith farm also breeds Angus cattle and ponies and operates its own gin.

MAY BREAK EVEN

The large operators—those who have subsidiary interests in addition to farming—may manage to break even this year, or at least suffer losses small enough to allow them to continue.

The others, those who rent their lands and borrow money to make crops, won't fare so well.

A typical example of the latter is a young man with a wife and two children who had wisely placed enough of his rented farm in the soil-bank program to repay his crop loan. He was confident he would make enough to pay rent on the land and provide his family with a livelihood. His crop was a failure and he was forced to take a teaching job to support his family.

One of the major operators, who owns 4,000 of the richest acres of the county, commented that he would gladly accept a \$75,000

loss this year—if he could then rest assured his losses wouldn't exceed that figure.

E. D. McKnight, who has a farm under lease, operates the St. Francis Pedigreed Seed Co. and has other farming interests, voiced cautious optimism that those who were honest in their work and who have really tried will be able to get more credit for a crop next year.

Even if they do, it will take them 3 to 5 years to recover from this year's setback, McKnight said. "You used to be able to make it back in a year, but the margin's too close now," McKnight said. "Sometimes it's just best to give up and turn to something else."

OTHERS FEEL PINCH

Others feel the pinch. A Parkin farm equipment dealer who sold \$18,000 worth of equipment last year has sold just a little more than \$2,000 worth this year. Power cutoffs are far more numerous this year than normally, and some grocery stores are just barely staying open.

The oldtimers of the area agree that the combination of disasters this year are unprecedented in their lifetimes.

Mr. KEFAUVER subsequently said: Mr. President, I am happy to join with the Senator from Mississippi [Mr. EASTLAND] and other of my colleagues in the sponsorship of these bills, which are of such vital immediate importance to the farmers, the small-business men, and the economy of Mississippi, Arkansas, and parts of Missouri and Tennessee, and which may affect many other parts of the Nation as well.

Speaking of Tennessee, I have been sorely concerned during trips that I have made through west Tennessee—the cotton-growing part of the State—during this past fall.

There, as in Mississippi and the other States of the Midsouth, excessive rainfall did tremendous damage to last year's crop. The farmers are now caught in a squeeze: They can borrow money to put in next year's crop, but under existing laws they cannot borrow to pay what they owe on last year's crop. The small-business men are in a difficult plight because of the same natural disaster: The farmer cannot pay their last year's bills and they have not been able to buy, so inventories are stacking up.

In trying to arrive at some worthwhile suggestion for helping in this situation, I had considered proposing something of the RFC type, but the bills that we are introducing today are, in my opinion, far more preferable to the tentative solution I had considered, because they have the advantage of working through existing agencies. Therefore, the help can be applied rapidly, which is what is needed.

One of our bills authorizes a \$200 million fund to be made available to the Farm Credit Administration for disaster relief loans in agricultural areas declared as such due to excessive rainfall, drought, hurricane, and wind damage, excessive cold, and other acts of God. Under this plan borrowers from production credit associations who have been unable to meet their obligations will be permitted to arrange for a special loan over a 3- to 5-year period. Thus, the money will be a loan only, not a gift.

The other amendment we are introducing enables the Small Business Administration to make emergency loans in

disaster areas to the small businesses which are caught with large unpaid balances on supplies and services upon which credit was given to farmers during the past year.

The proposed legislation is most necessary in order that some measure of relief may be afforded the merchants, farmers, dealers, banks, and lending institutions of the Midsouth. I hope it can be acted upon with reasonable dispatch.

Mr. SYMINGTON. Mr. President, in the southeast section of Missouri, as well as in other States along the reaches of the Mississippi River, excessive rainfall in recent months has caused disastrous floods.

In addition to the damage from the floodwaters, thousands of acres of crops, matured and ready to be harvested, were damaged or destroyed.

In the boonehill area of my State, where the average annual rainfall is less than 40 inches, over 100 inches of rain have been reported.

Cotton production, according to the USDA's 1957 Missouri crop report, is just 40 percent of the 1956 level. There are some fifty to sixty thousand people without either food or adequate funds to purchase it. Bank deposits in this area are down 25 percent from last year.

Conditions are extremely critical. Immediate action is needed to lessen the burden on the people affected—not only in Missouri, but in the other States as well.

At the present time surplus food stocks of flour, cornmeal, rice, and some milk products are being distributed through the Missouri Department of Welfare.

Some credit assistance, in the form of emergency crop production loans on the 1958 plantings, is available through Farmers' Home Administration.

Additional credit must be provided to prevent mortgage foreclosures and to help the farmers and the small-business men serving them through the rehabilitation period.

For this reason I am joining with Senator EASTLAND and several other colleagues in introducing two bills to help meet this need.

One of these bills would amend the Federal Farm Loan Act to make available \$200 million for emergency loans in disaster areas through the Federal intermediate credit banks and the production credit associations. This money would be used for refinancing present indebtedness.

The other legislation would amend the Small Business Act of 1953, authorizing the Small Business Administration to make disaster loans in flood emergency areas as declared by the Secretary of Agriculture.

These two pieces of legislation represent efforts to improve the loan programs currently in effect for disaster areas such as those in southeast Missouri. They would apply not only to the present areas declared disaster, but also in the future to other areas that may be affected.

Prompt and favorable consideration of these bills is very important.

AMENDMENT OF AGRICULTURAL ACT OF 1949, RELATING TO PRICE SUPPORT ON DAIRY PRODUCTS

Mr. HUMPHREY. Mr. President, I introduce a bill to protect America's dairy industry from liquidation. I urge its priority consideration by the Senate Committee on Agriculture and Forestry as emergency legislation which must be enacted into law prior to April 1.

I am introducing the proposal on behalf of myself and a group of colleagues deeply concerned about the plight of dairy farmers, including Senators MANSFIELD, MURRAY, NEUBERGER, MORSE, HENNINGS, KEFAUVER, LANGER, PROXMIKE, MAGNUSON, SCOTT, CHURCH, THYE, KERR, SYMINGTON, JACKSON, MUNDT, POTTER, WILEY, and YOUNG.

In essence, this bill is designed to keep America and Americans strong. The bill immediately reverses the decision—the pre-Christmas decision—made by the Secretary of Agriculture, Mr. Ezra Taft Benson, to lower the support level for manufacturing milk an additional 8 percent. The bill as introduced would assure all of us that chaos will not be the lot of the dairy farmer and, therefore, of the consumer. We are proposing in this bill a modest increase in the support level of manufacturing milk of some 7.7 percent from the present level. When you realize that the dairy farmer's cost of doing business has risen appreciably since 1954, this suggested increase is little enough.

Members of the Senate are aware, I am sure, of my lack of confidence in the ability or the intention of the Secretary of Agriculture to do anything for the American farmer: I have every confidence in his ability and intention to do anything and everything he can to the American farmer. Mr. Benson's abilities along this line are no more amply or cruelly demonstrated than in his announcement of December 18—1 week to the day before Christmas—which, if permitted to become effective, will remove from the pockets of the American dairy farmer \$250 million. This on the pretext—and history from 1954 to the present will show that it is nothing but a pretext—that such action would, in the Secretary's opinion reduce production and increase consumption. Mr. President, it is high time that we, as the elected representatives of the American people, do everything we can to stop the Secretary of Agriculture's economic liquidation of the American dairy farmer.

I am as aware today, as I was some years ago when I made my first charge against Mr. Benson, of the seriousness of those charges. I am more convinced today that these charges can be sustained on evidence published by the Secretary's own Department of Agriculture. One need only refer to the official publication of the United States Department of Agriculture titled "Dairy Situation" to secure support for the indictment.

Information in that publication clearly shows a convincing rebuttal of Mr. Benson's so-called economic theories of readjustment for dairying.

For 5 years Mr. Benson has been telling the people of America and the world that

dairy farmers were pricing themselves out of the market. In a completely unprincipled appeal to nonagricultural segments of our country the Secretary has attempted to defend his flexing of the American dairy farmers with the argument that lower prices to those farmers will reduce production and increase consumption of milk and its products. Neither of these objectives has been attained under Mr. Benson's policies. On the contrary milk production has increased an average of 1.6 billion pounds each year since 1954 when Mr. Benson started his downgrading of the American dairy farmers and the per capita consumption of milk and its products has remained about the same.

In summary, therefore, Mr. Benson's dairy program has lowered the economic status of the American dairy producers and has actually increased the milk bill to consumers.

I cannot believe that the American consumer would subscribe to Mr. Benson's theories knowing that the application of such theories has meant an hourly wage for our dairy farmers of about 50 cents. I do not believe that American consumers will subscribe to Mr. Benson's economic theories when they realize that the application of those theories has brought about a reduction in the purchasing power of the American dairy farmer by some \$600 million each year since 1954 and this reduction will reach some \$850 million if the recent decision by Mr. Benson is permitted to stand. All this with no reduction in milk prices to the consumer.

My indictment of Mr. Benson, his theories and his programs as they affect dairy farmers and consumers, must go further. Mr. Benson talks out of both sides of his mouth. In support of this I submit the Secretary's public statements and actions of December 18, 1957. On the morning of that date Mr. Benson held a national conference on food donations. This conference was publicized by Mr. Benson with the announcement to the conference participants that "I know that you share my interest in the most constructive use of our abundance with which we have been so richly blessed."

During the conference, Mr. Benson described the effectiveness of our abundant food production in winning and holding friends in foreign countries, as well as increasing the nutritional level of many vulnerable segments of our own population. Mr. Benson left the room in which this conference was held and walked to his own office some 200 feet away to hold a press conference during which these very blessings of an abundant production of milk and dairy products became an evil to be dealt with ruthlessly.

I suggest we have seen in Mr. Benson as the Secretary of Agriculture the most blatant "two-face-ism." Members of the United States Senate are well aware of the role our abundant food and fiber production has played as a tool in our programs to win and hold the confidence of our friends in foreign nations. The Secretary has recognized this. But now he would penalize those who helped shape this tool.

The error of Mr. Benson's ways as Secretary of Agriculture can only be remedied by the Congress—this we must do before he scraps our agricultural production plant.

Mr. President, I ask that my bill be printed at this point in the RECORD, along with a statement I issued at the time of Secretary Benson's announcement of plans to reduce dairy income.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill and statement will be printed in the RECORD.

The bill (S. 2924) to amend section 201 (c) of the Agricultural Act of 1949, as amended, relating to price support on dairy products, introduced by Mr. HUMPHREY (for himself and other Senators), was received, read twice by its title, referred to the Committee on Agriculture and Forestry, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That the first sentence of subsection (c) of section 201 of the Agricultural Act of 1949, as amended, is amended to read as follows: "The price of whole milk, butterfat, and the products of such commodities, respectively, shall be supported at not less than 75 percent nor more than 90 percent of the parity price therefor using a parity equivalent for manufacturing milk bases on the 30-month period July 1946 to December 1948, both inclusive: Provided, That for the marketing year ending March 31, 1959, the price of milk for manufacturing purposes shall be supported at not less than \$3.50 per hundredweight."

The statement presented by Mr. HUMPHREY is as follows:

STATEMENT BY SENATOR HUBERT H. HUMPHREY ON SECRETARY OF AGRICULTURE BENSON'S DAIRY INCOME REDUCTION ORDER

Secretary of Agriculture Benson has again lowered the boom on our dairy farmers. He announced today that price supports for milk and butterfat will be set at 75 percent of parity. Mr. Benson did not say what kind of parity he has in mind. Presumably he will continue to use the current "tricky parity equivalent" formula for manufacturing milk which keeps going lower and lower.

Based upon estimates for next year, the new support price for the marketing year starting April 1, 1958, will be around \$3 per hundredweight for manufacturing milk and 55.6 cents per pound for butterfat as compared to this year's \$3.25 per hundredweight for manufacturing milk and 58.6 cents per pound for butterfat.

This unjustified and irresponsible action by Mr. Benson makes it imperative that the Congress give immediate consideration in January to legislation to bolster dairy farmers' income. This legislation must, as a minimum, provide for (1) mandatory use of a stabilized parity equivalent formula for manufacturing milk and (2) a price support of not less than \$3.50 per hundredweight. This \$3.50 level represents a modest increase over the present \$3.25 of about 7½ percent or less than a 50 percent recovery of the drastic drop by Mr. Benson in 1954 when he cut dairy price supports from 90 percent of parity to 75 percent.

I propose to use every possible honorable means to reverse the direction taken by Mr. Benson and give our dairy farmers some encouragement instead of constantly putting roadblocks in their way. Early in January last year I introduced a bill in the Senate which would give our dairy farmers assurance of a stabilized income for milk and butterfat. It is all the more imperative that this proposed legislation be adopted.

The unconscionable action taken by Mr. Benson is not necessarily the limit of his in-

IN THE HOUSE OF REPRESENTATIVES

JANUARY 15, 1958

Mr. JONES of Alabama introduced the following bill; which was referred to the Committee on Banking and Currency

A BILL

To provide for small-business disaster loans in areas affected by excessive rainfall.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 207 (b) (1) of the Small Business Act of
4 1953, as amended, is amended (1) by deleting the words
5 “where a drought is occurring” and inserting in lieu thereof
6 the words “affected by a drought or excessive rainfall”, and
7 (2) by inserting after the word “drought” where it occurs
8 elsewhere the words “or excessive rainfall”.

I

A BILL

To provide for small-business disaster loans in areas affected by excessive rainfall.

By Mr. JONES of Alabama

JANUARY 15, 1958

Referred to the Committee on Banking and Currency

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued January 24, 1958
For actions of January 23, 1958
85th-2d, No. 11

CONTENTS

Acreage allotments.....	24	Electrification.....	113,40	Personnel.....	2,36
Adjournment.....	15	Employment.....	3	Price supports..	5,31,33,46
Agricultural appropriations.....	22	Exhibits.....	6	Property.....	51
Animal disease.....	43	Expenditures.....	3	Public debt.....	16
Auditing.....	3	Export control.....	4,48	REA.....	3
Budget.....	28	Farm prices.....	35	Reports.....	3
Census.....	14	Farm program.....	11,26	Research.....	27,49
Commerce.....	3	Fisheries.....	39	Resources projects.....	10
Committee assignment....	22	Foreign aid.....	7	Roads.....	12,47
Conservation.....	8	Forestry.....	25,37	School milk.....	42
Corn.....	52	Holiday.....	32	Soil bank.....	19
Cotton.....	24	Inflation.....	29	Trade agreements.....	21
Dairy price supports.	31,33	Lands.....	37	Transportation.....	9
Disaster loans.....	1,19	grazing.....	45	Water, pollution.....	30
Distressed area loans...	34	Monetary policy.....	20	resources.....	53
Durum wheat.....	50	Monopolies.....	38,44	Wheat.....	18,24,33,50
Economy.....	24	Operations.....	3	Wildlife.....	39
Education.....	41	Pay raises.....	2	Wool.....	17
		Peanuts.....	24		

HIGHLIGHTS: House passed bill for temporary increase in public debt limit. Rep. Dixon urged extension of National Wool Act. Rep. McGovern opposed reduced price supports for wheat. Rep. Gathings urged aid for farmers in areas of excessive rainfall. Senate committee reported small-business loans bill for excessive-rainfall areas. Sen. Johnston presented committee amendments to pay raise bill. Sen. Knowland inserted Secretary's recent testimony on farm program. Sen. Aiken and others introduced and Sen. Aiken discussed bill to continue special school milk program for 2 years as non-price support item. Sens. Langer and Young introduced and Sen. Langer discussed bill to provide 1958 wheat and dairy products price supports at 1957 levels. Sen. Watkins introduced and discussed bill to limit amount of price support payments. Sen. Murray and other Senators and Rep. Breeding introduced bills to continue \$2 level on 1958 wheat crop.

SENATE

1. DISASTER LOANS. The Banking and Currency Committee reported without amendment S. 2920, making excessive rainfall an additional criterion for Small Business Administration loans (S. Rept. 1185). pp. 694, 741
2. PAY RAISE. Sen. Johnston submitted the recent committee amendments to S. 734, the pay-raise bill, and inserted tables relating to rates of pay. pp. 741-3
3. REPORTS. Received various reports, including: REA annual report (p. 691), GAO audit of FCA (p. 691), Commerce Department annual report (p. 691), Government Operations Committee activities (S. Rept. 1186)(pp. 694-5), and Joint Committee on Reduction of Nonessential Federal Expenditures regarding employment (pp. 695-8).
4. EXPORT CONTROL. Received from the Commerce Department a proposed bill to continue the Export Control Act; to Banking and Currency Committee. p. 691
5. PRICE SUPPORTS. Sen. Langer inserted various petitions regarding price supports, etc. pp. 693-4, 764
6. EXHIBITS. Sen. Humphrey inserted an article by Ernest O. Hauser describing plans for participation in the Brussels Trade Fair. pp. 755-7
7. FOREIGN AID. Sen. Humphrey spoke on Asian policy, including a recommendation of technical assistance. pp. 757-60
8. CONSERVATION. Sen. Humphrey inserted an article by John B. Oakes reviewing recent legislative developments on conservation. p. 760
9. TRANSPORTATION. Sen. Curtis inserted an article by Leslie F. Sheffield opposing increases in freight rates. pp. 766-8
10. RESOURCES PROJECTS. S. Res. 148, to prescribe procedures and contents for reports to the Senate by executive agencies with respect to proposed projects for conservation and development of land and water resources, was made the unfinished business of the Senate. p. 783, 805
Sen. Murray spoke briefly in support of this resolution. p. 768
11. FARM PROGRAM. Sens. Young and Proxmire commented on farmers' economic difficulties in view of increased costs. pp. 768-9, 779-80
Sen. Watkins listed the reasons stated by Secretary Benson to support his farm program proposals, and inserted three editorials supporting the administration's program. pp. 795-6
Sen. Knowland inserted the Secretary's statement before the Senate Agriculture and Forestry Committee on January 17. pp. 817-25
12. ROADS. Sens. Neuberger, Clark, and Flanders spoke in support of the proposed bill to ban billboards from the Federal Interstate Highway system. pp. 792-3
13. ELECTRIFICATION. Sen. Watkins inserted two articles by the President of the Idaho Power Co. reviewing the development of Brownlee Dam in Hells Canyon. pp. 793-5
14. ECONOMY; CENSUS. Sen. Watkins commended the President's Economic Report and urged enactment of S. 405, to provide for an annual survey of farm operators by economic classes, to provide additional statistical information. pp. 796-7
15. ADJOURNED until Mon., Jan. 27, p. 829

Calendar No. 1210

85TH CONGRESS
2d Session {

SENATE {

REPORT
No. 1185

SMALL BUSINESS DISASTER LOANS

JANUARY 23, 1958.—Ordered to be printed

Mr. FULBRIGHT, from the Committee on Banking and Currency,
submitted the following

R E P O R T

[To accompany S. 2920]

The Committee on Banking Currency, to whom was referred the bill (S. 2920) to provide for small business disaster loans in areas affected by excessive rainfall, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE

The purpose of S. 2920 is to enable the Small Business Administration to make disaster loans to small businesses in areas which are affected by excessive rainfall. Existing law authorizes disaster loans in areas where homes and businesses have been damaged or destroyed by floods or other natural disasters. The law also authorizes loans to small businesses suffering economic injury in areas where a drought is occurring.

SBA DISASTER LOAN PROGRAM

Section 207 (b) of the Small Business Act of 1953, as amended, gives the Small Business Administration authority to make loans to assist owners of homes and businesses in areas which have been damaged or destroyed by floods or other natural disasters. There is no statutory limit on the amount which can be loaned to a single borrower but such loans are made only to the extent of the actual loss not covered by insurance. Disaster loans bear a maximum interest rate of 3 percent and can have terms up to 20 years.

Since a disaster loan is intended as a rehabilitation measure, more liberal credit standards are applied to their consideration than would be prudent for the agency's business loans. Arrangements have been made through the American Bankers Association and its various State organizations to enlist the aid of local banks in disaster areas

in accepting applications for disaster loans and to provide bank personnel to work with SBA employees in emergency disaster offices.

Banks also have been very receptive to a participation plan developed to reduce the load on the emergency disaster offices. Under this plan, a bank agrees to make a loan to the disaster victim in participation with the Small Business Administration and has been given authority to approve such loans within certain limits without referring them to the Small Business Administration except for clearance as to eligibility of purpose. The bank accepts the application, makes a credit investigation, and makes and services the loan.

Section 207 (b) of the 1955 amendment to the Small Business Act of 1953 included authority to make drought disaster loans for the relief of small business concerns economically injured as a result of drought conditions in areas declared drought areas by the President or the Secretary of Agriculture. Such injury may have resulted from a loss of business as a result of the drought, inability of farmer-customers to retire their financial obligations to small business concerns, or through a loss of raw material by those firms processing agricultural products, or the failure to obtain enough water for continued operations. For the most part, loans granted are confined to working capital purposes; however, refinancing of indebtedness on which delinquencies are directly attributable to the drought is permissible. Loans may be used to replenish normal inventories but cannot be made for expansion of facilities. In this program, too, arrangements have been made for local banks to accept and process applications received, thereby reducing the cost to the Government of the operation of the program.

Disasters which have been made eligible for SBA disaster loans since the creation of the agency, and the States affected by these disasters, are shown below:

Cause of disaster	Date	States affected
Gale, snow, tides	November 1953	New York, New Jersey, Connecticut, Massachusetts, California, New Hampshire, Maine, Mississippi, Louisiana, Texas, Arkansas.
Tornadoes	November, December, 1953	California.
Forest fire	December 1953	Oregon.
Landslide	January 1954	Georgia, Alabama, Texas, Arkansas, Iowa, Oklahoma, Louisiana.
Tornadoes	April 1954	Massachusetts, New Mexico, Iowa, Texas, West Virginia, Arizona.
Rains, floods, hurricanes	May, June, July, 1954	Nevada.
Earthquake	July 1954	Massachusetts, New Hampshire, Maine, Connecticut, Rhode Island, New York.
Hurricane, floods	August 1954	South Carolina, North Carolina, New Jersey, Maryland, Delaware, Pennsylvania, Indiana.
Do	October 1954	Hawaii.
Volcano eruptions	March 1955	Mississippi, Alabama, Colorado, Oklahoma, Kansas, Arkansas, Nevada, Nebraska, Wyoming.
Tornadoes, floods	February, March, April, May, June, 1955	Arkansas, Georgia, South Carolina, North Carolina.
Unseasonable freeze	March, April, 1955	Minnesota, New Mexico, North Carolina, South Carolina, Connecticut, Rhode Island, New Jersey, Massachusetts, New York, Pennsylvania, Delaware, Maryland, Texas, Virginia.
Tornadoes, hurricanes, floods	July, August, September, October, 1955	Oregon, Washington.
Unseasonable freeze	November 1955	Washington, California, Nevada, Oregon.
Floods	November, December, 1955	Alabama, Ohio, Mississippi, Arkansas, Illinois, Indiana, Michigan, Oklahoma, Kansas, Tennessee, Wisconsin.
Tornadoes	November 1955, January, February, March, April, May, 1956	Florida.
Unseasonable freeze	January 1956	Oregon, Washington.
Floods	February 1956	Pennsylvania, Indiana, Washington, Oregon, Nevada, Colorado, Utah.
Do	May, June, July, August 1956	Puerto Rico, Louisiana.
Hurricanes	August, September 1956	Arkansas.
Windstorm, hail	August 1956	California.
Forest fire	December 1956	Oklahoma, Texas, South Carolina, North Carolina, Nebraska, Missouri, Illinois, Kansas, North Dakota, Iowa, Michigan.
Tornadoes	January, April, May, June, July 1957	Kentucky, Virginia, West Virginia, Oregon, Washington, Texas, Colorado, Oklahoma, Idaho, Arkansas, Minnesota, Illinois, Missouri, Nebraska, South Dakota, Iowa, Indiana.
Floods	January, February, March, April, May, June, July 1957	Hawaii.
Tidal waves	March 1957	Idaho.
Snow slide	February 1957	Texas.
Hurricane	June 1957	Iowa, Arkansas, Indiana.
Heavy rain	June, August 1957	Wisconsin, Louisiana, Texas, Alabama, Kentucky, Tennessee, Illinois, Missouri, Hawaii.
Hurricanes, floods, tornadoes	September, November, December 1957	Guam.
Typhoon	November 1957	Florida.
Freeze	December 1957	

Since November 1953, every State in the Union except Vermont and Montana has experienced a disaster which warranted eligibility for disaster loans from the Small Business Administration.

The following table shows the status of the SBA disaster loan authorization as of December 31, 1957:

	<i>Millions of dollars</i>
Statutory limitation	\$125. 0
Less:	
Outstanding loans	\$44. 7
Outstanding loan commitments	4. 1
Total charges against limitation	48. 8
Balance available Dec. 31, 1957	76. 2

On the basis of the disaster lending experience of the Small Business Administration, as reported below, and considering the repayments being received on outstanding loans, it appears that, in the absence of

some overwhelming disaster not now envisioned, the present authorization will be adequate through fiscal year 1959 even though the act is broadened as contemplated by S. 2920:

Disaster loans approved, SBA share only

Fiscal year:	Millions of dollars
1954	\$0.7
1955	7.8
1956	42.4
1957	12.3
1958 (6 months)	5.5
Total disaster loans approved	¹ 68.7

¹ Of this total, \$3.5 million represents loans approved as a result of drought disasters.

Repayment experience on disaster loans to date has been good. Of the total disaster loans disbursed (\$59.6 million, including both SBA and bank shares), payments amounting to \$729,000 (representing loans having an unpaid principal value of \$2.6 million) were delinquent 60 days or more on December 31, 1957. Only \$95,000 in disaster loans had actually been charged off by that date.

The drought disaster loan program has been a modest one. Only 333 applications for a total of \$8.5 million had been received through December 31, 1957; 25 of these, totaling \$828,000, were withdrawn and 132 applications, totaling almost \$3 million, were declined largely, the committee was advised by SBA, because there was no showing that the need for the loan had any relation to the drought disaster. One hundred and seventy-one loans were approved by December 31, 1957. The total amount of these loans was \$3,652,589, of which the share of SBA was \$3,523,741.

Of these loans only 5, totaling \$46,200, were delinquent on December 31, 1957, and no drought disaster loans had been written off as a loss to SBA at that time.

PRESENT DISASTER

The committee is advised that 1957 was one of the most disastrous years that certain areas of the country have experienced since 1930. Excessive rainfall began to affect the lower Mississippi Valley at the beginning of harvest and has continued to the present time. Farmers could not get into the fields to gather what promised to be one of the biggest and most valuable harvests they had ever had. Estimates of the damage in the lower Mississippi Valley, the area hardest hit, are as high as \$500 million. Other parts of the country also suffered from excessive rainfall, from Michigan and Minnesota to Florida and Texas.

The loss of these harvests hit both farmers and businesses in the areas involved. The farmers, realizing little or nothing from the 1957 crop, could not pay off the debts they had incurred to make the 1957 crop and their ability to borrow in preparation for the 1958 crop was affected. By reason of the designation of the areas involved as disaster areas, farmers will be able to borrow in order to get ready for the 1958 crop and other legislation is under consideration to provide further assistance for the farmers directly.

When a disaster of this magnitude affects an area dependent largely on agriculture, farmers do not suffer alone. Businesses, and particu-

larly small businesses, with whom the farmers do business suffer with them. Farmers who have been prevented by a disaster from meeting their outstanding obligations make poor customers and, where the economy of the area is principally based on agriculture, the entire business of the area is depressed.

Small business firms, in order to sell seed, fertilizer, supplies and equipment to farmers on credit to make the 1957 crop, had to obtain credit from banks, finance companies, their own suppliers, or other sources. These debts must be paid if the small-business man intends to continue in business and to continue to supply his farmer customers. When pressure is applied on him to pay his debts, he must press the farmer to pay earlier obligations and, if the pressure is great enough, institute foreclosure action.

This situation, if not checked promptly at the start, can snowball rapidly. A few loans to small businesses now, keeping them from being forced to press harder on their farmer customers, combined with adequate credit through other sources for the farmers themselves, can prevent this snowball from starting.

EXPLANATION OF THE BILL

S. 2920 would change existing law in two ways. The first change recognizes that existing law is too restrictive in its treatment of disasters resulting from drought. Present language limits eligibility to an area "where a drought is occurring." When this language was inserted in the act in 1955, it was not the intent of the Banking and Currency Committee to restrict eligibility merely to the time interval during which the "drought is occurring." It is obvious that disaster-loan eligibility should not cease at the moment the drought is broken. Consequently, S. 2920 amends this language to permit disaster loans in areas "affected by a drought" regardless of whether the drought has been broken.

The second change adds the situation of "excessive rainfall" to the disastrous conditions which may create a need for disaster loans to small businesses. The committee believes that the indirect economic injury to small businesses from excessive rainfall is just as severe as the indirect economic injury from drought.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

SMALL BUSINESS ACT OF 1953

* * * * *

SEC. 207. * * *

(b) The Administration also is empowered—

(1) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may deter-

mine to be necessary or appropriate because of floods or other catastrophes, including necessary or appropriate loans to any small-business concern located in an area [where a drought is occurring,] affected by a drought or excessive rainfall, if the Administration determines that the small-business concern has suffered a substantial economic injury as a result of such drought or excessive rainfall, and the President has determined under the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes", approved September 30, 1950, as amended (42 U. S. C., secs. 1855-1855g), that such drought or excessive rainfall is a major disaster, or the Secretary of Agriculture has found under the Act entitled "An Act to abolish the Regional Agricultural Credit Corporation of Washington, District of Columbia, and transfer its functions to the Secretary of Agriculture, to authorize the Secretary of Agriculture to make disaster loans, and for other purposes", approved April 6, 1949, as amended (12 U. S. C., secs. 1148a-1-1148a-3), that such drought or excessive rainfall constitutes a production or economic disaster in such area: *Provided*, That no such loan including renewals and extensions thereof may be made for a period or periods exceeding twenty years: *And provided further*, That the interest rate on the Administration's share of loans made under this paragraph shall not exceed 3 per centum per annum;

* * * * *



Calendar No. 1210

85TH CONGRESS
2D SESSION

S. 2920

[Report No. 1185]

IN THE SENATE OF THE UNITED STATES

JANUARY 9, 1958

Mr. EASTLAND (for himself, Mr. FULBRIGHT, Mr. KEFAUVER, Mr. STENNIS, Mr. SYMINGTON, and Mr. THYE) introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

JANUARY 23, 1958

Reported by Mr. FULBRIGHT, without amendment

A BILL

To provide for small-business disaster loans in areas affected by excessive rainfall.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 207 (b) (1) of the Small Business Act of
4 1953, as amended, is amended (1) by deleting the words
5 “where a drought is occurring” and inserting in lieu thereof
6 the words “affected by a drought or excessive rainfall”, and
7 (2) by inserting after the word “drought” where it occurs
8 elsewhere the words “or excessive rainfall”.

Calendar No. 1210

85TH CONGRESS
2D SESSION

S. 2920

[Report No. 1185]

A BILL

To provide for small-business disaster loans in areas affected by excessive rainfall.

By Mr. EASTLAND, Mr. FULBRIGHT, Mr. KEFAUVER, Mr. STENNIS, Mr. SYMINGTON, and Mr. THYE

JANUARY 9, 1958

Read twice and referred to the Committee on Banking and Currency

JANUARY 23, 1958

Reported without amendment

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued January 28, 1958
For actions of January 27, 1958
85th-2d, No. 12

CONTENTS

Acreage reserve.....	50		School lunch.....	40
Agricultural Act.....	45		Science.....	17
Animal diseases.....	42		Small business.....	52
Appropriations.....	8,17,51		Soil bank.....	2
Banking and currency.....	43		Timber roads.....	7
Budget.....	26		Unemployment compensation.....	17
Buildings.....	38		Water, resources.....	1
CCC payments.....	2		pollution.....	11
Civil service.....	25		Watersheds.....	8
Colorado River.....	17		Wheat.....	21,41
Committee employees.....	15		Wildlife.....	47
Commodity exchanges.....	48		Wool.....	5,20
Conservation.....	34			
Cotton.....	32			
Dairy industry.....	6,27,35			
Disaster loans.....	3			
Education.....	9			
Electrification.....	14,23			
Family farm.....	30,53			
Farm program.....	2,4,22			
Fisheries.....	31,47			
Foreign aid.....	12			
Foreign trade.....	33			
Forestry.....	7,18,46			
Lands.....	29			
public.....	10			
Milk.....	39			
Minerals.....	49			
Monopolies.....	13			
National defense.....	19			
Natural resources.....	28			
Personnel.....	37			
Potatoes.....	48			
Price supports.....	6,30			
Research.....	17,36			
Roads.....	7,16,24,44,46			
School construction.....	17			

HIGHLIGHTS: See page 6

SENATE

1. WATER RESOURCES. Debated S. Res. 148, to prescribe procedures and contents for certain reports by executive agencies on proposed conservation and development of land and water projects. The committee amendments were agreed to. Sen. Watkins' motion to recommit the bill was pending at recess. pp. 896-7, 901-21
2. SOIL BANK. Sen. Goldwater inserted an article in answer to charges against the farm program in Look Magazine. He also inserted a summary of CCC payments over \$50,000 paid to Mont. farmers. pp. 875-9
Sen. Stennis criticized the procedures used in allocating acreage reserve funds under the soil bank in Miss., urged an extension of the time for submitting applications, and inserted correspondence on the subject. pp. 892-3
3. DISASTER LOANS. Passed without amendment S. 2920, making excessive rainfall an additional criterion for Small Business Administration loans. pp. 900-1
4. FARM PROGRAM. Sen. Langer inserted the policy resolutions of the Vegetable Growers Ass'n. opposing price supports, diversion of land not under acreage allotments, the soil bank, and reclamation; and supporting marketing agreements, conservation, cooperatives, standard grading, research, weed control, farmer-elected committees, and protective tariffs. pp. 838-41

5. WOOL. Sen. Barrett inserted his speech to the National Wool Growers Ass'n commanding the operation of the Wool Act and urging support for S. 2861, to extend the operation of the act for 4 years. pp. 264-6
Sen. Morse inserted a letter from the Governor of Oregon urging enactment of S. 2861, to extend the National Wool Act for 4 more years. p. 885

6. DAIRY INDUSTRY. Sen. Thye inserted a letter urging continuation of present dairy support prices. p. 883

7. FORESTRY. Sen. Morse inserted a report by the Bureau of Land Management on their timber road construction, and their summary of the Bureau's work in Ore. in 1957. pp. 887-8

HOUSE

8. WATERSHEDS. The Agriculture Committee approved, and submitted to the House, the following watershed projects: High Pine Creek, Ala.; Big Sandy Creek, Colo.; Abbotts Creek and Deep Creek, N. C.; Knob Creek and York Creek, Tex. The letter of approval was referred to the Appropriations Committee. p. 922

9. EDUCATION. Both Houses received the President's message for an expanded program of scientific education (H. Doc. 318). pp. 836, 923-24
Both Houses received proposed bills from HEW to implement the expanded program of scientific education; to H. Education and Labor Committee and S. Labor and Public Welfare Committee. pp. 836, 968
Received from the U. S. Advisory Commission on Educational Exchange the semiannual report on educational exchange activities (H. Doc. 317). p. 968

10. PUBLIC LANDS. House conferees were appointed on H. R. 5538, to provide that withdrawals, reservations, or restrictions of more than 5,000 acres of public lands for military purposes shall not become effective until approved by act of Congress. Senate conferees have not been appointed. p. 924

11. WATER POLLUTION. Rep. Price objected to the President's recommendation that Federal grants for water pollution control be dropped in 1959, and urged continuation of the program. pp. 924-25

12. FOREIGN AID. Several Representatives discussed various aspects of U. S. foreign affairs, including increased economic aid to underdeveloped countries. pp. 939-56

13. MONOPOLIES. Rep. Patman spoke in favor of enactment of legislation to permit "proceedings against the big businesses who discriminate in price to the destruction of small and independent business enterprises." pp. 956-57

14. ELECTRIFICATION. Rep. Gubser inserted his recent testimony before the House Interior and Insular Affairs Committee in support of the proposal to develop Trinity River power by a partnership between the Federal Government and private enterprise. pp. 959-61

15. COMMITTEE EMPLOYEES. Received from the various committees reports on the names and salaries of its employees, and on expenditure of funds. pp. 963-68

16. ROADS. Both Houses received from Commerce a proposed bill "to revise the Federal-aid highway laws of the United States"; to Public Works Committees. pp. 969, 836

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. WILLIAMS. I join the Senator from Virginia in urging enactment of the proposed legislation. The need for it has been clearly demonstrated. Let me say to the Senator from Virginia that the \$280 million representing delinquent accounts accumulated over the past 6 years does not take into consideration \$140 million which had been written off during the same period as uncollectible. Certainly these funds which are collected by employers from employees should be regarded as trust funds and under no circumstances should the employer divert them to his own use. I join in urging the enactment of this bill which gives the Department additional enforcement powers.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading and passage of the bill.

The bill was ordered to a third reading, read the third time, and passed.

CERTAIN RESTRICTED STOCK OPTIONS

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1208, House bill 9035.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (H. R. 9035) to amend the Internal Revenue Code of 1954 with respect to the basis of stock acquired by the exercise of restricted stock options after the death of the employee.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. BYRD. Mr. President, this bill also was passed unanimously by the House of Representatives and received the unanimous approval of the Committee on Finance.

Under present law a decedent's gross estate includes the estate tax value of an unexercised stock option but does not permit a new or stepped-up basis for this option for income tax purposes. However, if the option had been exercised immediately before death, the stock obtained would have received a new basis equal to the estate tax valuation. H. R. 9035 is intended to accord essentially the same tax treatment for the case in which the estate exercises the option as where the employee exercises the option during his lifetime.

Two examples will illustrate the general nature of the problem:

First. An option is granted to purchase at \$95 stock then selling at \$100. The employee exercises the option when the stock has a value of \$120 and dies. The value of the stock for estate tax purposes is \$120. If, thereafter, the executor sells the stock at \$120, there is no capital gain.

Second. Assume the same facts as in example 1, except that the option has not been exercised at the time of the employee's death, although the stock is still worth \$120. In this case the unexercised option is included in the decedent's gross estate at a value of \$25, the difference between the option price and the value of the stock at that time. Subsequently, the executor exercises the option to purchase the stock at a price of \$95 when the stock was worth \$120. Ultimately, the stock is sold for \$120. Under present law the estate must pay a capital gains tax upon the \$25. Under the bill the basis for the stock is the \$95 paid in cash for the stock plus the \$25 representing the value of the option at date of death.

The PRESIDING OFFICER. The bill is before the Senate and open to amendment.

If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill was ordered to a third reading, read the third time, and passed.

REFUND OF ALCOHOL AND TOBACCO TAXES

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of calendar 1209, H. R. 8216.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (H. R. 8216) to amend the Internal Revenue Code of 1954 to prevent unjust enrichment by precluding refunds of alcohol and tobacco taxes to persons who have not borne the ultimate burden of the tax.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Finance with amendments on page 2, at the beginning of line 21, to strike out "September 30, 1957," and insert "April 30, 1958"; on page 3, line 1, after the word "before", to strike out "September 30, 1957" and insert "April 30, 1958"; in line 3, after the word "on", to strike out "September 30, 1957" and insert "April 30, 1958"; in line 4, after the word "after", to strike out "September 30, 1957" and insert "April 30, 1958"; in line 5, after the word "before", to strike out "September 30, 1958" and insert "April 30, 1959"; at the beginning of line 9, to strike out "October 1, 1957" and insert "May 1, 1958"; in line 21, after the word "on", to strike out "September 30, 1957" and insert "April 30, 1958"; in line 23, after the word "on", to strike out "September 30, 1957" and insert "April 30, 1958"; and, on page 6, line 5, after the word "before", to strike out "October 1, 1957" and insert "May 1, 1958".

Mr. BYRD. Mr. President, this bill also was passed unanimously by the House and was unanimously approved by the Committee on Finance.

The bill would add a new section 6423 to the code to provide that refunds of

alcohol and tobacco taxes generally are not to be made unless the claimant establishes that he bore the ultimate burden of the tax or that he unconditionally repaid the tax to the person who bore the ultimate burden. This is the rule that has been in effect generally with respect to excise taxes. This provision places refunds of taxes on alcohol and tobacco on the same basis. The purpose of these limitations is to prevent the taxpayer from realizing a windfall gain from a refund or credit where someone else actually bore the burden of the tax because the price charged for the taxed article, service, or facility included the tax.

Your committee has amended the bill as it passed the House to advance the effective date of the bill and the time for filing claims for refund. The effective date of the bill has been advanced from October 1, 1957, to May 1, 1958, in order to provide the Internal Revenue Service with adequate time to prepare regulations under the new provisions. Similar changes have been made in the time for filing claims for refunds in order to accord taxpayers with sufficient time to comply with the provisions of the bill.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments.

The committee amendments were agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

RECONSIDERATION OF VOTES BY WHICH CERTAIN BILLS WERE PASSED

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate reconsider the votes by which the following bills were passed:

Calendar No. 1205, H. R. 5938, to amend section 812 (e) (1) (D) of the Internal Revenue Code of 1939 with respect to certain decedents who were adjudged incompetent before April 2, 1948.

Calendar No. 1206, H. R. 7762, to amend section 223 of the Internal Revenue Act of 1950 so that it will apply to taxable years ending in 1954 to which the Internal Revenue Code of 1939 applies.

Calendar No. 1207, H. R. 8865, relating to the administration of certain collected taxes.

Calendar No. 1208, H. R. 9035, to amend the Internal Revenue Code of 1954 with respect to the basis of stock acquired by the exercise of restricted stock options after the death of the employee.

Calendar No. 1209, H. R. 8216, to amend the Internal Revenue Code of 1954 to prevent unjust enrichment by precluding refunds of alcohol and tobacco taxes to persons who have not borne the ultimate burden of the tax.

~~Mr. FREAR.~~ Mr. President, I move that the motion to reconsider be laid on the table.

The ~~PRESIDING OFFICER~~. The question is on agreeing to the motion of the Senator from Delaware.

The motion to lay on the table was agreed to.

SMALL-BUSINESS DISASTER LOANS

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1210, S. 2920.

The ~~PRESIDING OFFICER~~. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (S. 2920) to provide for small-business-disaster loans in areas affected by excessive rainfall.

The ~~PRESIDING OFFICER~~. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. FULBRIGHT. Mr. President, I wish to thank the majority and minority leaders of the Senate for their prompt action in scheduling consideration of S. 2920. This bill is designed to meet an emergency need for small-business disaster loans, and I hope that the Senate will act swiftly.

S. 2920 would give the Small Business Administration authority to make disaster loans to small businesses in areas of the country inundated by excessive rainfall during the 1957 harvest season, millions of dollars in crops have been lost, and small businesses serving the cropless farmers are severely pressed. These small-business men need loans to extend the due dates of accounts receivable, to replenish stocks for the 1958 season, and in many cases to refinance unsold inventory. In the great agricultural regions of the country, a crop loss not only prostrates the farmer but paralyzes trade and commerce which accompany normal production and marketing of the crop.

During 1957, excessive rainfall made it necessary for the Department of Agriculture to extend emergency credit to farmers in Alabama, Arkansas, Florida, Georgia, Illinois, Indiana, Kansas, Kentucky, Louisiana, Michigan, Minnesota, Mississippi, Missouri, Oklahoma, South Dakota, Tennessee, and Texas. While loans to farmers enable them to begin production of new crops, this help does not relieve the financial strain on local businessmen who sold to farmers on credit or who failed to move an inventory because farmers had no money. S. 1920 is designed to provide credit for these small businesses which were indirectly, but severely, injured by the disastrous rainfall.

Under existing law the Small Business Administration can make disaster loans to victims of floods, tornadoes, hurricanes, earthquakes, forest fires, and other sudden natural catastrophes; and to small businesses suffering economic injury because of drought. S. 2920 broadens this authority to include excessive rainfall among the disastrous conditions which may create a need for small-business disaster loans.

These loans can be made for terms up to 20 years and bear a maximum interest rate of 3 percent. As of December 31, 1958, the loan authorization had an uncommitted balance of about \$76 million. This balance exceeds the total of all Small Business Administration disaster loans made since 1953. The Banking and Currency Committee determined, therefore, that there is no present necessity for increasing the disaster loan fund.

This amendment to the law may not generate a great volume of loans. One of the principal values of the change is that businesses in these areas, and their creditors, will receive assurance that Small Business Association loans are available. In many instances the mere knowledge that credit is available may be sufficient to forestall foreclosures and the seeking of judgments by creditors. A chain reaction of lawsuits and foreclosures could cause further damage to localities already depressed by the crop loss.

Mr. President, S. 2920 is an emergency measure which should be passed without delay. This bill was reported unanimously by the Committee on Banking and Currency, and I urge favorable action by the Senate. In urging prompt action on S. 2920, I do not wish to imply that this bill will solve the problems of farmers in these disaster areas. The Senate must still act directly on the farmers' problems, and this question is now under consideration in the Committee on Agriculture and Forestry, under the able chairmanship of the distinguished Senator from Louisiana [Mr. ELLENDER].

Mr. BUSH. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. BUSH. I was not present, I am sorry to say, at the meeting when the committee considered the bill, but I believe I sent my proxy to support the measure. Did the Director of the Small Business Administration testify favorably on the measure?

Mr. FULBRIGHT. He testified. However, he did not come to support the bill. He said he could live with it. I took that to mean that the Director meant to say the bill had not been approved by the Bureau of the Budget. However, the bill does not require any increase in the authorization, and no one believes it will. Therefore we felt quite justified in proceeding with its consideration even though it had not received the approval of the Bureau of the Budget.

I understood the position of the Director of SBA to be more or less a neutral one in this case. I say that for this reason. He is unable to draw any logical or any reasonable distinction between a situation created by drought, which was taken care of by Congress last year or the year before, and a situation which is created by excessive rainfall. By all accounts, they are practically the same situation. Both of these situations should be distinguished from the situation which occurred in the Senator's part of the country, in which the destruction was caused suddenly by a flood. We took care of that situation.

I can testify myself—and there was much testimony by people from this area—that the destruction under the peculiar conditions which arose this year in this delta area is just as great as if it had happened suddenly. It rained all the time, and the area was flooded with rainfall, instead of by a broken dam.

In much of the area the rainfall, which normally averages around 40 inches a year, was as high as 80 inches. In the Boot Hill area it amounted to as much as 100 inches. It rained all fall in most of this area, and caused tremendous losses. The loss would have been much less if the area had been devastated at the beginning of the season. The serious losses occurred in the fall because the people in the area had invested the cost of planting and cultivating and fertilizing and insecticizing.

I could not overemphasize the seriousness of the losses. Many persons testified that in their 40 or 50 years of living and farming in this area, they had never seen anything comparable.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. BUSH. Who determines what is excessive rainfall? Who determines that fact?

Mr. FULBRIGHT. The President or the Secretary of Agriculture.

Mr. BUSH. In other words, the disaster is determined by the President, the same as under the existing law. This would simply be another cause for him to consider whether a certain place was a disaster location.

Mr. FULBRIGHT. That is correct.

Mr. BUSH. If the Senator from Arkansas will permit me to say so, I think we should support the bill. This is a field in which the Small Business Administration has a very special usefulness. In the event of disasters, they cooperate with the local banking authorities very, very closely. Their work is done pretty much at the local level, in cooperation with all the local citizens. The experience concerning loans of a disaster nature has been, I believe, very satisfactory. I hope the bill will pass.

Mr. FULBRIGHT. I thank the Senator from Connecticut for his support.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. ELLENDER. Does the bill apply only to floods which took place in 1957, or is it to be permanent legislation?

Mr. FULBRIGHT. It is to be permanent legislation, but we had in mind the present disaster situation.

Mr. ELLENDER. As I understood the explanation, I had the impression that the bill applied only to the 1957 floods.

Mr. FULBRIGHT. No; I am sorry if I did not make that point clear. The bill is an amendment to the permanent legislation.

Mr. ELLENDER. And is to be permanent legislation?

Mr. FULBRIGHT. The Senator is correct.

Mr. GOLDWATER. Mr. President, will the Senator yield for a question?

Mr. FULBRIGHT. Yes; I yield.

Mr. GOLDWATER. Could the Senator from Arkansas tell me what discussion took place to prompt this statement in the report?

Disaster loans bear a maximum interest rate of 3 percent.

Was there much discussion concerning the placing of a maximum percentage rate?

Mr. FULBRIGHT. That is the rate under existing law.

Mr. GOLDWATER. I understand that; but in view of the discussions on the floor in the last session that maximum rates of interest should not be fixed, but that rates should be governed generally by the rate which the Government pays for money, was there any discussion which might give us an indication that in the future we might expect the interest rates on loans to be regulated according to the interest rates which are paid by the Government? I think the Senator knows what I am driving at.

Mr. FULBRIGHT. The question of interest rates arose last year in connection with college housing loans. The Senator from Indiana [Mr. CAPEHART] introduced a bill which would deal with loans made by practically all the agencies. I have received information from the Director of the Bureau of the Budget that the Bureau is in the course of preparing data which will further refine that problem.

The reason for the introduction of the pending bill is that we are dealing in this instance with serious disasters. For many years it has been thought to be justifiable to make a special concession in this class of cases. In a sense, there is an element of charity involved. The loans contemplated are not business loans. The regular business loans of this agency bear interest of 6 percent.

The old RFC had regular interest rates for business loans, but offered special rates for disaster loans.

In many of the cases of disasters in the past, the experience with the repayment of disaster loans has been better than the Senator might expect, both in the SBA and the old RFC.

Mr. McNAMARA. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. McNAMARA. Will there be a retroactive cutoff date beyond which an application for a disaster loan will not be considered?

Mr. FULBRIGHT. It will depend upon the disaster declaration. Authority to make loans will begin as of the date of enactment and will deal with the conditions growing out of disasters of the kind we have been discussing. I am not aware that disasters of this kind were declared prior to 1957.

Mr. McNAMARA. I was concerned with a specific situation in my State.

Mr. FULBRIGHT. There was no testimony or evidence given on that point; no one mentioned it. If a case arises in Michigan this year, the bill will apply.

Mr. McNAMARA. But as to anything which occurred 2 years ago, the bill would not apply at this time?

Mr. FULBRIGHT. Not unless the occurrence was declared a disaster, and small businesses can show substantial economic injury.

Mr. McNAMARA. I thank the Senator.

The PRESIDING OFFICER. The bill is open to amendment.

If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 2920) was ordered to be engrossed for a third reading, was read the third time, and passed.

PROCEDURES FOR REPORTS BY EXECUTIVE AGENCIES RELATIVE TO DEVELOPMENT OF LAND AND WATER RESOURCES

The Senate resumed the consideration of the resolution (S. Res. 148) to prescribe procedures and contents for reports to the Senate by executive agencies with respect to proposed projects for conservation and development of land and water resources.

The PRESIDING OFFICER. The Senator from Utah [Mr. WATKINS] is recognized.

Mr. GOLDWATER. I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator from Utah yield for that purpose?

Mr. WATKINS. I yield for that purpose.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GOLDWATER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. CARROLL in the chair). Without objection, it is so ordered.

Mr. WATKINS. Mr. President—

Mr. COTTON. Mr. President, will the Senator from Utah yield, in order that I may propound a parliamentary inquiry, and perhaps make a request for unanimous consent?

Mr. WATKINS. I yield for that purpose.

Mr. COTTON. Mr. President, I rise to a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from New Hampshire will state it.

Mr. COTTON. Do I correctly understand that if at some time during the consideration of the pending committee amendments, they are agreed to, that will preclude the subsequent offering of amendments from the floor, before final action is taken on the resolution?

The PRESIDING OFFICER. The Chair is advised, first, that after the committee amendments are agreed to, they will not be subject to amendment, although the portions of the resolution not touched by the committee amendments could properly be amended following adoption of the committee amendments.

Mr. COTTON. Mr. President, if the resolution reaches the stage of final adoption, it is my desire to offer several

amendments to different parts of it. If the committee amendments had previously been agreed to, the amendments to which I have referred would in some instances affect the language thus written into resolution by means of the committee amendments.

Therefore, I ask unanimous consent that even if the committee amendments be agreed to, later I may be permitted to submit my own amendments.

The PRESIDING OFFICER. The Chair is advised that a complete substitute could be offered, after the committee amendments had been agreed to; or the committee amendments could be agreed to en bloc, by unanimous consent, and the resolution as thus amended could be treated as original text, subject to further amendment.

Mr. COTTON. Then, Mr. President, I request that the committee amendments be agreed to en bloc, with the understanding that the resolution as thus amended shall be treated as original text, so that subsequently Senators may offer amendments to the resolution as thus amended by the committee amendments.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New Hampshire? Without objection, it is so ordered.

The committee amendments, as agreed to, are as follows:

On page 3, line 5, after the word "Agriculture", to insert "including enough of the information enumerated in subparagraphs (1) to (10) inclusive to show why each alternative was dropped in favor of the recommended plan"; in line 8, after the word "to", to insert "the"; at the beginning of line 9, to strike out "each potential"; in the same line, after the word "project", to insert "recommended for authorization"; in the same line, after the amendment just above referred to, to strike out "in addition to a description of the project"; after line 11, to insert:

"(1) Complete description of project, including an estimate of the economic life of the major project facility."

In line 14, to change the subsection number from "(1)" to "(2)"; after line 17, to strike out:

"(2) Benefit-cost ratio calculated from direct tangible benefits and costs."

After line 19, to insert:

"(3) Benefit-cost ratios calculated by using total tangible benefits and total tangible costs for 100 years, and for 50 years, except where the economic life of the major project facility is less."

In line 24, to change the subsection number from "(3)" to "(4)"; in line 25, after the word "computation", to insert "or other evaluation"; on page 4, line 8, to change the subsection number from "(4)" to "(5)"; in line 12, to change the subsection number from "(5)" to "(6)"; in line 19, to change the subsection number from "(6)" to "(7)"; on page 5, line 4, to change the subsection number from "(7)" to "(8)"; in line 9, to change the subsection number from "(8)" to "(9)"; in line 18, to change the subsection number from "(9)" to "(10)"; on page 6, line 5, after the numerals "1944", to strike out "59" and insert "58"; after line 10, to insert:

"SEC. 3. That reports on projects recommended for construction by the Secretary of Agriculture pursuant to the Watershed Protection and Flood Prevention Act (68 Stat. 666), as amended, should be transmitted to the Congress not later than three

calendar months after their approval by said Secretary of Agriculture, and the officials of the executive branch responsible for such transmittal pursuant to said act be, and are hereby, requested to so deliver such reports not later than 3 months after their approval by said Secretary of Agriculture."

In line 21, to change the section number from "3" to "4" in the same line, after the word "of", to insert "multiple-purpose"; in line 22, after the word "should", to insert "(1)"; in line 23, after the word "determined", to insert "the period of time allowable for repayment of the power investment, and the formula for determining the rate of interest on it that is to be returned; and (2) require that prior to the time that any major facility of such multiple-purpose project is placed in operation the construction agency shall report the allocation of costs in accordance with the criteria of section 1 of this resolution together with its recommendations and the comments of the power marketing agency if that be other than the construction agency."

On page 7, after line 7, to insert a new section, as follows:

"Sec. 5. That the Committee on Interior and Insular Affairs and the Committee on Public Works be, and they hereby are, directed to continue the study instituted pursuant to Senate Resolution 281, 84th Congress, and to recommend to the Senate as early as practicable in the 2d session of the 85th Congress such further measures as may be appropriate to provide for full and effective conservation, development, and utilization of the Nation's land and water resources."

So as to make the resolution read:

"Resolved, That it is the sense of the Senate that procedures for evaluation of land and water resources projects should be improved, and that the agencies of the executive branch of the Government responsible for the preparation of reports relative to the authorization of land and water resource projects be, and are hereby, requested to furnish, in connection with such reports, the following information in addition to the data now presented in support of project authorizations:

"Information relative to alternative plans for the water resource projects that may reasonably be considered physically feasible of construction consistently with the advice of the Department of the Army, or the Department of the Interior, or the Department of Agriculture, including enough of the information enumerated in subparagraphs (1) to (10) inclusive to show why each alternative was dropped in favor of the recommended plan. With respect to the project recommended for authorization, the information should include, but not be limited to—

"(1) Complete description of project, including an estimate of the economic life of the major project facility.

"(2) Estimated costs of construction, operation, maintenance, and replacement, together with a plain and succinct statement of the basis upon which all such estimates are made.

"(3) Benefit-cost ratios calculated by using total tangible benefits and total tangible costs for 100 years, and 50 years, except where the economic life of the major project facility is less.

"(4) Description and, to the extent possible, computation of other evaluation of indirect and intangible net benefits including but not limited to (a) protection of life and property; (b) improvement of transportation; (c) conservation of water, soil, and forest resources; (d) wildlife conservation; (e) recreation; (f) abatement of pollution, including salinity; (g) control of sedimentation; (h) maintenance and enhancement of

the agricultural, commercial, and industrial economy of the area affected.

"(5) Physical feasibility and costs of providing capacity in the project works for current needs and future uses that may reasonably be anticipated to develop during the useful life of such project works.

"(6) Allocations of costs, to be calculated (a) by at least three methods, namely, the separable costs-remaining benefits method, the priority of use method, and the incremental cost method; and (b) on at least 2 time periods for amortization, namely, 50 years or the useful life of the facilities, whichever is the lesser, and 100 years or the useful life of the facilities, whichever is the lesser.

"(7) Description of the extent to which the Federal, State, and local governmental agencies, and nongovernmental entities have evidenced interest in participating in the construction or operation and maintenance of the potential project, or in obtaining its benefits, including, in the case of electric energy, information relative to the preference status of governmental agencies, municipalities, and cooperatives; and the manner in which it is proposed to accomplish coordination and cooperation, and the estimated Federal costs of such participation.

"(8) Estimated schedules of repayments of reimbursable costs that would be within the estimated financial resources of the potential use area, such schedules to show also the deferred repayment of the portion of the costs allocated to uses that may be anticipated to develop in the future.

"(9) Probable effects of the potential project on State and local governments, including, but not limited to (a) the costs of local government services; and (b) the enhancement or reduction of tax revenues, together with the amount of potential tax revenue that would be forgone by Federal development in lieu of non-Federal development of the project. The estimated amounts of tax revenue enhancement and tax revenue forgone as a result of the project should be shown in calculations of project benefits and costs.

"(10) In support of proposed increases in the authorizations of appropriations for continuation of the construction of basin-wide projects, proposed schedules of investigations and construction should be supplied, including descriptions of the units to be undertaken, and deviations in schedules of construction supplied in support of prior authorizations.

"Sec. 2. That reports on surveys and investigations or project reports relative to the authorization of land and water resource projects should be delivered to the Congress not later than 6 calendar months after the date on which such reports are circulated to the Federal agencies and to the affected States pursuant to section 1 of the Act of December 22, 1944 (58 Stat. 887). The agencies of the executive branch responsible for preparation of such project reports be, and are hereby, requested to deliver to the Congress such reports not later than 6 months after they have been submitted for comments to the governors of the affected States.

"Sec. 3. That reports on projects recommended for construction by the Secretary of Agriculture pursuant to the Watershed Protection and Flood Prevention Act (68 Stat. 666), as amended, should be transmitted to the Congress not later than 3 calendar months after their approval by said Secretary of Agriculture, and the officials of the executive branch responsible for such transmittal pursuant to said Act be, and are hereby, requested to so deliver such reports not later than 3 months after their approval by said Secretary of Agriculture.

"Sec. 4. That authorizations of multiple-purpose water resource projects should (1)

specify the method by which the allocation of costs shall be determined, the period of time allowable for repayment of the power investment, and the formula for determining the rate of interest on it that is to be returned; and (2) require that prior to the time that any major facility of such multiple-purpose project is placed in operation the construction agency shall report the allocation of costs in accordance with the criteria of section 1 of this resolution together with its recommendations and the comments of the power marketing agency if that be other than the construction agency.

"Sec. 5. That the Committee on Interior and Insular Affairs and the Committee on Public Works be, and they hereby are, directed to continue the study instituted pursuant to Senate Resolution 281, 84th Congress, and to recommend to the Senate as early as practicable in the second session of the 85th Congress such further measures as may be appropriate to provide for full and effective conservation, development, and utilization of the Nation's land and water resources."

The preamble was amended, so as to read:

"Whereas the sense of the Senate, stated in Senate Resolution 281, 84th Congress, is that the Congress will continue to exercise its constitutional powers to encourage the comprehensive conservation, development, and utilization of the land and water resources of the Nation, and that reports to the Congress in support of authorization of such projects should (a) include evaluations made in accordance with criteria prescribed by the Congress, and (b) fully disclose the results of studies and analyses of the potential utilizations costs, allocations, payout, and benefits, both direct and indirect; and

"Whereas pursuant to said Senate Resolution 281, the Committee on Interior and Insular Affairs and the Committee on Public Works jointly have reported to the Senate that, in order to evaluate projects proposed for authorization, certain information is needed in addition to that regularly submitted by the executive branch in support of proposed projects, such information being related to selection of plans of development, costs, benefits, reimbursements, or contributions required of local interests; and

"Whereas such information is needed also for consideration by the Senate in connection with legislation to establish policies and criteria regarding allocations of project costs, and for evaluations of project benefits, which policies and criteria the Comptroller General of the United States, the Bureau of the Budget, and the Secretary of the Army have recommended should be established by the Congress; and

"Whereas the program for conservation, development, and utilization of the land and water resources of the Nation is impaired by delay in the delivery to the Congress of reports on projects proposed for authorization and for clearance pursuant to the provisions of the Watershed Protection and Flood Prevention Act (68 Stat. 666, as amended)."

Mr. COTTON. I thank the Senator from Utah.

Mr. WATKINS. Mr. President, Senate Resolution 148 is before the Senate for consideration at this time.

The resolution deals with the general subject of water-resource development. This resolution is a very important measure. It has to do with the establishment of standards for reclamation and other water-resource programs, and I think every Member of the Senate is interested, because the water-resource program is general to the entire country,

**85TH CONGRESS
2D SESSION**

S. 2920

IN THE HOUSE OF REPRESENTATIVES

JANUARY 28, 1958

Referred to the Committee on Banking and Currency

AN ACT

To provide for small-business disaster loans in areas affected by excessive rainfall.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 207 (b) (1) of the Small Business Act of
4 1953, as amended, is amended (1) by deleting the words
5 “where a drought is occurring” and inserting in lieu thereof
6 the words “affected by a drought or excessive rainfall”, and
7 (2) by inserting after the word “drought” where it occurs
8 elsewhere the words “or excessive rainfall”.

Passed the Senate January 27, 1958.

Attest: FELTON M. JOHNSTON,

Secretary.

I

AN ACT

To provide for small-business disaster loans in areas affected by excessive rainfall.

JANUARY 28, 1958

Referred to the Committee on Banking and Currency

IN THE HOUSE OF REPRESENTATIVES

JANUARY 28, 1958

Mr. THOMPSON of Louisiana introduced the following bill; which was referred to the Committee on Banking and Currency

A BILL

To provide for small-business disaster loans in areas affected by excessive rainfall.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 207 (b) (1) of the Small Business Act of
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5 “where a drought is occurring” and inserting in lieu thereof
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85TH CONGRESS
2D SESSION

H. R. 10335

A BILL

To provide for small-business disaster loans in areas affected by excessive rainfall.

By Mr. THOMPSON of Louisiana

JANUARY 28, 1958

Referred to the Committee on Banking and Currency

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued February 7, 1958
For actions of February 6, 1958
85th-2d, No. 20

CONTENTS

Acreage allotments.....	34	Farm credit.....	27	Price supports.....	24, 34
Acreage reserve.....	37, 40	Farm income.....	40	Public law 480.....	1
Adjournment.....	12, 21	Foreign aid.....	9, 20	Purchasing.....	38
Appropriations.....	11, 41	Foreign trade.....	16	Reclamation.....	14, 20
Barter.....	1	Forest lands.....	33	Research.....	3, 20
Budgeting.....	7, 26	Forest products.....	22	Rural development.....	28
Buildings.....	20	Humane slaughter.....	17, 29	Small business.....	42
Cotton.....	13, 30, 40	Industrial uses.....	3, 20	Soil bank.....	2, 23, 30, 37
Dairy products.....	43	Information.....	25	Surplus property.....	19
Disaster loans.....	4	Lands.....	33	Transportation.....	6
Economic situation.....	18	Legislative program.....	11	Wheat.....	31, 36
Education.....	8	Pay increases.....	10	Weather control.....	5
Employment.....	32	Personnel.....	10, 15, 35	Wool.....	39

HIGHLIGHTS: See page 6

HOUSE

1. PUBLIC LAW 480. Rep. Cooley spoke in favor of his bill, H. R. 10487, to provide for the extension of Public Law 480, and called attention to sec. 2, which "would direct the Secretary of Agriculture to reinstate the barter program for surplus commodities on substantially the basis that Congress had in mind when the augmented authority and directive for this barter program was enacted as part of Public Law 480 in 1954." pp. 1603-04
2. SOIL BANK. Rep. Jones, Mo., criticized administration of the soil bank program in Mo., and contended that there was "considerable question" as to whether the program was being administered in accordance with the law. p. 1606
3. UTILIZATION RESEARCH. Rep. Brown, Ga., commended the report of the Commission on Increased Industrial Use of Agricultural Products, and urged enactment of legislation to provide increased utilization research in this field. pp. 1629-30
4. DISASTER LOANS. The Banking and Currency Committee ordered reported S. 2920, to provide for small-business disaster loans in areas affected by excessive rainfall. p. D91

15. WEATHER CONTROL. Both Houses received from the President the final report of the Advisory Committee on Weather Control. pp. 1551, 1601
6. TRANSPORTATION. Both Houses received from the President the annual report of the St. Lawrence Seaway Development Corporation (H. Doc. 326). pp. 1551, 1601
7. BUDGET. Rep. Wilson, Ind., criticized the size of the budget, and urged greater economy in the Federal Government. p. 1616
8. EDUCATION. Reps. Perkins, Green, Ore., and others spoke on the need for expanding our educational system, including vocational education, to provide for increased training of scientists and skilled manpower. pp. 1624-27
9. FOREIGN AID. Rep. Feighan urged greater discretion in selecting countries to whom we should extend foreign aid, and inserted two newspaper articles on the matter. pp. 1627-29
10. PERSONNEL. The "Daily Digest" states that the Post Office and Civil Service Committee "decided that hearings on Federal employees' and postal employees' salary increases will begin at 10 a.m. Monday, February 17, and be concluded during that week. The committee will meet on Monday, February 24, in executive session to consider these bills. Also referred requests from the administration for increases in the number of grades 16, 17, and 18 to the Subcommittee on Manpower Utilization." The Committee also announced the appointment of members to several subcommittees. p. D92
11. LEGISLATIVE PROGRAM. Rep. McCormack announced that the general Government matters appropriation bill for 1959 will be taken up Mon., Feb. 10, and that no business is scheduled for the remainder of the week. p. 1610
12. ADJOURNED until Mon., Feb. 10. p. 1631

SENATE

13. COTTON. Sen. Stennis urged an increase in cotton acreage allotments for 1958 and 1959 to preserve an adequate supply of cotton and prevent income reductions to the small farmer. He inserted two tables showing the 1958 benefits from allotment amendments to the Agricultural Act of 1956 and the number of farms receiving allotments of various sizes. He inserted a statement on the supply and distribution of high grade cotton. pp. 1566-8
14. RECLAMATION. Agreed to House amendments to S. J. Res. 39, authorizing the construction of certain water conservation projects for irrigation in the Pecos River Basin. This measure will now be sent to the President. p. 1563
15. PERSONNEL. Sen. Smith, N. J., urged passage of S. 3134, to amend the Foreign Service Act to provide pay increases for Foreign Service personnel, and inserted an article on the need for increased representational allowances for our representatives abroad. p. 1566
16. FOREIGN TRADE. At the request of Sen. Clark, passed over S. 3149, to increase the lending authority of the Export-Import Bank. p. 1587

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued February 11, 1958
For actions of February 10, 1958
85th-2d, No. 21

CONTENTS

Acreage reserve.....	33		
Adjournment.....	6, 23		
Antitrust.....	8		
Appropriations.....	1		
Area development.....	9		
Budget.....	48		
Civil defense.....	1		
Cotton.....	3, 33		
Crop insurance.....	4	Foreign service.....	41
Dairy industry.....	7, 25, 35	Foreign trade.....	3, 30
Defense Mobilization.....	1	Forestry.....	43
Disaster loans.....	2, 39	Government ethics.....	42
Economic situation.....	15	Information.....	47
Electrification.....	26	Investigations.....	14
Employment.....	34	Land classification.....	5
Expenditures.....	48	Lands.....	10, 38
Extension service.....	40	Monopolies.....	44
Farm income.....	29, 33	Organization.....	18
Farm program.....	20, 24	Personnel.....	46
Fisheries.....	40	Price supports.....	25
Flood control.....	21	Property.....	8
Foreign aid.....	16	Public works.....	34
		Purchasing.....	9, 36
		Reclamation.....	5
		Records.....	19
		Regulatory agencies.....	14
		Research.....	17, 27, 37
		Seeds.....	27
		Small business.....	2, 11
		Soil bank.....	31
		Soil survey.....	5
		Statehood.....	22, 32
		Water, resources.....	12
		research.....	37
		Wildlife.....	45
		Wool.....	13, 28

HIGHLIGHTS: See page 7.

HOUSE

1. GENERAL GOVERNMENT MATTERS APPROPRIATION BILL, 1959. The Appropriations Committee reported (on Feb. 7, during adjournment), without amendment this bill, H. R. 10589 (H. Rept. 1332). (p. 1737) The House began debate on the bill. (pp. 1707-19) The bill includes funds for the Budget Bureau, Council of Economic Advisers, National Security Council, Office of Defense Mobilization, President's Advisory Committee on Government Organization, Emergency Fund for the President (National Defense), Commission on Government Security, and Subversive Activities Control Board.

The bill includes general provisions for departments and agencies, during the fiscal year 1959, as follows:

Limits the amount which may be paid for a passenger vehicle (exclusive of bses and ambulances) to \$1,500, except station wagons the maximum of which is \$1,950. Requires employees to be U. S. citizens, with certain exceptions. Makes appropriations available for living quarters allowances for employees stationed in foreign countries. Prohibits payments to employees whose nominations the Senate has rejected. Limits the price which may be paid for the U. S. Code to \$4 per volume, and limits the Lifetime Federal Digest to \$4.25 per volume. In the case of certain corporations, makes appropriations available

for certain purposes, such as rent in D. C. Prohibits corporations from constructing office buildings in certain cases. Makes Budget Circular A-45 (regarding rental of housing) controlling over all activities, but permits the circular to be changed with the approval of the Chairman of the House Committee on Appropriations; requires the Budget Bureau to report to Congress on this matter by Jan. 31, 1959; and provides that no officer or employee shall be required to occupy Government-owned quarters unless the head of the agency concerned determines that necessary service cannot be performed otherwise. Permits foreign credits to be used only when reimbursement is made to the Treasury Department. Permits appropriations to be apportioned on a deficiency basis to permit payment of wage increases granted to wage-board employees.

The committee report includes the following statement:

"The amounts appropriated to the Office of Defense Mobilization in the past have been supplemented by amounts carried in other appropriation measures, required in other Departments and agencies of Government solely or principally to carry out mobilization functions delegated to such other agencies by the Director of Defense Mobilization. For the fiscal year 1959, these amounts consist of an identifiable \$5.1 million, and some part of an additional \$1.9 million. Further, the Committee has been informally assured that additional time and manpower is being spent on such delegated functions under circumstances such that it is not in any one case sufficient to merit separate accounting. Thus the total annual cost of administering defense mobilization activities is, in fact, unknown. The Committee suggests that the Office of Defense Mobilization prepare a budget estimate for the next fiscal year which will reflect the true cost of the functions and activities under its general direction. This same method should be used for financing civil defense activities which, at present, are also scattered among the several Departments and agencies."

"...In order that the operating programs may be brought more directly under annual Congressional action, the Committee is recommending language which will eliminate, as of June 30, 1959, the unobligated balance of the Defense Production Act Revolving Fund. It is not intended that such action put an end to the various programs at that time, but rather that such as may be essential be financed through the normal appropriation process beginning with the fiscal year 1960."

2. DISASTER LOANS. Passed without amendment S. 2920, to provide for small-business disaster loans in areas affected by excessive rainfall. (p. 1704) This bill had been reported without amendment earlier by the Banking and Currency Committee (H. Rept. 1333). (p. 1737) The measure will now be sent to the President.
3. FOREIGN TRADE. The Ways and Means Committee reported without amendment H. R. 5005, to suspend for 2 years the duty on crude chicory (H. Rept. 1339). p. 1737
Rep. Bailey criticized the President's message requesting renewal of the Trade Agreements Act for a 5-year period, and inserted a letter critical of Japanese imports of cotton cloth. pp. 1732-33
4. CROP INSURANCE. Both Houses received the annual report of the Federal Crop Insurance Corporation. pp. 1636, 1736
5. RECLAMATION. Both Houses received from Interior a letter stating that an adequate soil survey and land classification had been completed for certain lands of the Courtland unit, Bostwick division, Mo. River Basin project, Kan. pp. 1636, 1736
6. ADJOURNED until Thurs., Feb. 13. p. 1736

SMALL BUSINESS DISASTER LOANS

FEBRUARY 10, 1958.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. SPENCE, from the Committee on Banking and Currency,
submitted the following

R E P O R T

[To accompany S. 2920]

The Committee on Banking Currency, to whom was referred the bill (S. 2920) to provide for small business disaster loans in areas affected by excessive rainfall, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE

The purpose of S. 2920 is to enable the Small Business Administration to make disaster loans to small businesses in areas which are affected by excessive rainfall. Existing law authorizes disaster loans in areas where homes and businesses have been damaged or destroyed by floods or other natural disasters. The law also authorizes loans to small businesses suffering economic injury in areas where a drought is occurring.

SBA DISASTER LOAN PROGRAM

Section 207 (b) of the Small Business Act of 1953, as amended, gives the Small Business Administration authority to make loans to assist owners of homes and businesses in areas which have been damaged or destroyed by floods or other natural disasters. There is no statutory limit on the amount which can be loaned to a single borrower but such loans are made only to the extent of the actual loss not covered by insurance. Disaster loans bear a maximum interest rate of 3 percent and can have terms up to 20 years. Since a disaster loan is intended as a rehabilitation measure, more liberal credit standards are applied to their consideration than would be prudent for the agency's business loans.

Section 207 (b) of the 1955 amendment to the Small Business Act of 1953 included authority to make drought disaster loans for the relief of small business concerns economically injured as a result of drought conditions in areas declared drought areas by the President or the Secretary of Agriculture. Such injury may have resulted from a loss of business as a result of the drought, inability of farmer-customers to retire their financial obligations to small business concerns, or through a loss of raw material by those firms processing agricultural products, or the failure to obtain enough water for continued operations. For the most part, loans granted are confined to working capital purposes; however, refinancing of indebtedness on which delinquencies are directly attributable to the drought is permissible. Loans may be used to replenish normal inventories but cannot be made for expansion of facilities.

Disasters which have been made eligible for SBA disaster loans since the creation of the agency, and the States affected by these disasters, are shown below:

SMALL BUSINESS DISASTER LOANS

3

Cause of disaster	Date	States affected
Gale, snow, tides	November 1953	New York, New Jersey, Connecticut, Massachusetts, California, New Hampshire, Maine, Mississippi, Louisiana, Texas, Arkansas.
Tornadoes	November December, 1953.	California.
Forest fire	December 1953	Oregon.
Landslide	January 1954	Georgia, Alabama, Texas, Arkansas, Iowa, Oklahoma, Louisiana.
Tornadoes	April 1954	Massachusetts, New Mex.co. Iowa Texas, West Virginia, Arizona
Rains, floods, hurricanes	May, June, July, 1954	Nevada.
Earthquake	July 1954	Massachusetts, New Hampshire, Maine, Connecticut, Rhode Island, New York.
Hurricane, floods	August 1954	South Carolina, North Carolina, New Jersey, Maryland, Delaware, Pennsylvania, Indiana, Hawaii.
Do	October 1954	Hawaii.
Volcano eruptions	March 1955	Mississippi, Alabama Colorado, Oklahoma, Kansas, Arkansas, Nevada Nebraska, Wyoming.
Tornadoes, floods	February, March, April, May, June, 1955	Arkansas, Georgia, South Carolina North Carolina
Unseasonable freeze	March, April, 1955	Minnesota, New Mexico, North Carolina, South Carolina, Connecticut, Rhode Island, New Jersey, Massachusetts, New York, Pennsylvania Delaware, Maryland, Texas, Virginia.
Tornadoes, hurricanes, floods	July, August, September, October 1955	Oregon, Washington.
Unseasonable freeze	November 1955	Washington California, Nevada Oregon.
Floods	November December 1955	Alabama, Ohio, Mississippi, Arkansas, Illinois, Indiana, Michigan, Oklahoma Kansas, Tennessee Wisconsin.
Tornadoes	November 1955, January, February, March, April, May, 1956.	Florida.
Unseasonable freeze	January 1956	Oregon, Washington.
Floods	February 1956	Pennsylvania, Indiana, Washington, Oregon, Nevada, Colorado, Utah
Do	May, June, July, August 1956	Puerto Rico, Louisiana
Hurricanes	August, September 1956	Arkansas.
Windstorm, hail	August 1956	California.
Forest fire	Decemher 1956	Oklahoma, Texas, South Carolina, North Carolina, Nebraska, Missouri, Illinois, Kansas, North Dakota, Iowa, Michigan.
Tornadoes	January, April, May, June, July 1957	Kentucky, Virginia, West Virginia, Oregon, Washington, Texas, Colorado, Oklahoma, Idaho, Arkansas, Minnesota, Illinois, Missouri, Nebraska, South Dakota, Iowa Indiana.
Floods	January, February, March, April, May, Juue, July 1957	Hawaii.
Tidal waves	March 1957	Idaho.
Snow slide	February 1957	Texas.
Hurricane	June 1957	Iowa, Arkansas, Indiana.
Heavy rain	June, August 1957	Wisconsin, Louisiana, Texas, Alabama, Kentucky, Tennessee, Illinois, Missouri, Hawaii.
Hurricanes, floods, tornadoes	September, November, December 1957	Guam.
Typboon	November 1957	Florida.
Freeze	December 1957	

Since November 1953, every State in the Union except Vermont and Montana has experienced a disaster which warranted eligibility for disaster loans from the Small Business Administration.

The following table shows the status of the SBA disaster loan authorization as of December 31, 1957:

	Millions of dollars
Statutory limitation	\$125.0
Less:	
Outstanding loans	\$44.7
Outstanding loan commitments	4.1
Total charges against limitation	48.8
Balance available Dec. 31, 1957	76.2

On the basis of the disaster lending experience of the Small Business Administration, as reported below, and considering the repayments being received on outstanding loans, it appears that, in the absence of

some overwhelming disaster not now envisioned, the present authorization will be adequate through fiscal year 1959 even though the act is broadened as contemplated by S. 2920:

Disaster loans approved, SBA share only

Fiscal year:	<i>Millions of dollars</i>
1954-----	\$0.7
1955-----	7.8
1956-----	42.4
1957-----	12.3
1958 (6 months)-----	5.5
 Total disaster loans approved-----	 1 68.7

¹ Of this total, \$3.5 million represents loans approved as a result of drought disasters.

Repayment experience on disaster loans to date has been good. Of the total disaster loans disbursed (\$59.6 million, including both SBA and bank shares), payments amounting to \$729,000 (representing loans having an unpaid principal value of \$2.6 million) were delinquent 60 days or more on December 31, 1957. Only \$95,000 in disaster loans had actually been charged off by that date.

The drought disaster loan program has been a modest one. Only 333 applications for a total of \$8.5 million had been received through December 31, 1957; 25 of these, totaling \$828,000, were withdrawn and 132 applications, totaling almost \$3 million, were declined largely, according to SBA, because there was no showing that the need for the loan had any relation to the drought disaster. One hundred and seventy-one loans were approved by December 31, 1957. The total amount of these loans was \$3,652,589, of which the share of SBA was \$3,523,741.

Of these loans only 5, totaling \$46,200, were delinquent on December 31, 1957, and no drought disaster loans had been written off as a loss to SBA at that time.

PRESENT DISASTER

Nineteen hundred and fifty-seven was one of the most disastrous years that certain areas of the country have experienced since 1930. Excessive rainfall began to affect the lower Mississippi Valley at the beginning of harvest and has continued to the present time. Farmers could not get into the fields to gather what promised to be one of the biggest and most valuable harvests they had ever had. Estimates of the damage in the lower Mississippi Valley, the area hardest hit, are as high as \$500 million. These heavy rains made it necessary for the Department of Agriculture to extend emergency assistance to farmers in Alabama, Arkansas, Florida, Georgia, Illinois, Indiana, Kansas, Kentucky, Louisiana, Michigan, Minnesota, Mississippi, Missouri, Oklahoma, South Dakota, Tennessee, and Texas.

The loss of these harvests hit both farmers and businesses in the areas involved. The farmers, realizing little or nothing from the 1957 crop, could not pay off the debts they had incurred to make the 1957 crop and their ability to borrow in preparation for the 1958 crop was affected. By reason of the designation of the areas involved as disaster areas, farmers will be able to borrow in order to get ready for the 1958 crop and other legislation is under consideration to provide further assistance for the farmers directly.

When a disaster of this magnitude affects an area dependent largely on agriculture, farmers do not suffer alone. Businesses, and particularly small businesses, with whom the farmers do business suffer with them. Farmers who have been prevented by a disaster from meeting their outstanding obligations make poor customers and, where the economy of the area is principally based on agriculture, the entire business of the area is depressed.

Small business firms, in order to sell seed, fertilizer, supplies and equipment to farmers on credit to make the 1957 crop, had to obtain credit from banks, finance companies, their own suppliers, or other sources. These debts must be paid if the small-business man intends to continue in business and to continue to supply his farmer customers. When pressure is applied on him to pay his debts, he must press the farmer to pay earlier obligations and, if the pressure is great enough, institute foreclosure action. A few loans to small businesses now, keeping them from being forced to press harder on their farmer customers, combined with adequate credit through other sources for the farmers themselves, can prevent considerable hardship in these areas.

EXPLANATION OF THE BILL

S. 2920 would change existing law in two ways. The first change recognizes that existing law is too restrictive in its treatment of disasters resulting from drought. Present language limits eligibility to an area "where a drought is occurring." It is obvious that disaster-loan eligibility should not cease at the moment the drought is broken. Consequently, S. 2920 amends this language to permit disaster loans in areas "affected by a drought" regardless of whether the drought has been broken. The same change is included in H. R. 7963, a bill to rewrite the Small Business Act, which passed the House on June 25, 1957.

The second change adds the situation of "excessive rainfall" to the disastrous conditions which may create a need for disaster loans to small businesses. The committee believes that the indirect economic injury to small businesses from excessive rainfall is just as severe as the indirect economic injury from drought.

UNANIMOUS APPROVAL BY COMMITTEE

The Banking and Currency Committee voted unanimously to report the bill favorably to the House.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as passed by the Senate, are shown as follows (new matter is printed in italics, existing law in which no change is proposed is shown in roman):

SMALL BUSINESS ACT OF 1953

* * * * *

SEC. 207. * * *

(b) The Administration also is empowered—

(1) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate

on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate because of floods or other catastrophes, including necessary or appropriate loans to any small-business concern located in an area [where a drought is occurring,] *affected by a drought or excessive rainfall*, if the Administration determines that the small-business concern has suffered a substantial economic injury as a result of such drought *or excessive rainfall*, and the President has determined under the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes", approved September 30, 1950, as amended (42 U. S. C., secs. 1855-1855g), that such drought *or excessive rainfall* is a major disaster, or the Secretary of Agriculture has found under the Act entitled "An Act to abolish the Regional Agricultural Credit Corporation of Washington, District of Columbia, and transfer its functions to the Secretary of Agriculture, to authorize the Secretary of Agriculture to make disaster loans, and for other purposes", approved April 6, 1949, as amended (12 U. S. C., secs. 1148a-1-1148a-3), that such drought *or excessive rainfall* constitutes a production or economic disaster in such area: *Provided*, That no such loan including renewals and extensions thereof may be made for a period or periods exceeding twenty years: *And provided further*, That the interest rate on the Administration's share of loans made under this paragraph shall not exceed 3 per centum per annum;

* * * * *



Union Calendar No. 520

85TH CONGRESS
2D SESSION

S. 2920

[Report No. 1333]

IN THE HOUSE OF REPRESENTATIVES

JANUARY 28, 1958

Referred to the Committee on Banking and Currency

FEBRUARY 10, 1958

Committed to the Committee of the Whole House on the State of the Union
and ordered to be printed

AN ACT

To provide for small-business disaster loans in areas affected
by excessive rainfall.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 207 (b) (1) of the Small Business Act of
4 1953, as amended, is amended (1) by deleting the words
5 “where a drought is occurring” and inserting in lieu thereof
6 the words “affected by a drought or excessive rainfall”, and
7 (2) by inserting after the word “drought” where it occurs
8 elsewhere the words “or excessive rainfall”.

Passed the Senate January 27, 1958.

Attest: FELTON M. JOHNSTON,

Secretary.

85TH CONGRESS
2D SESSION

S. 2920

[Report No. 1333]

AN ACT

To provide for small-business disaster loans in areas affected by excessive rainfall.

JANUARY 28, 1958

Referred to the Committee on Banking and Currency

FEBRUARY 10, 1958

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

House of Representatives

MONDAY, FEBRUARY 10, 1958

The House met at 12 o'clock noon.
The Chaplain Rev. Bernard Braskamp, D. D., offered the following prayer:

Philippians 4: 19: *My God shall supply all your needs according to His riches in glory by Christ Jesus.*

Almighty God, grant that we may now be drawn together in unity of spirit and in one solemn and lofty aspiration to heed Thy voice of gentle stillness calling us to renew our faith and courage.

We know that without Thee our life ebbs out its little day in weakness and weariness, in futility and frustration.

Teach us the great secret of life learned by all whose hearts are filled with joy and peace that we must surrender our wills to Thine in complete obedience.

Hear us in Christ's name. Amen.

THE JOURNAL

The Journal of the proceedings of Thursday, February 6, 1958, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H. R. 1392. An act for the relief of Karl L. Larson;

H. R. 1495. An act for the relief of Alfred Hanzal;

H. R. 1638. An act for the relief of Lt. Percy Hamilton Hebert;

H. R. 1792. An act for the relief of Dr. Royal W. Williams;

H. R. 2705. An act for the relief of William F. Kempe;

H. R. 3210. An act to amend section 510 (a) (1) of the Merchant Marine Act, 1936, as amended, to accelerate the trade-in of old vessels with replacement by modern vessels;

H. R. 3770. An act to rename the Strawn Dam and Reservoir project in the State of Kansas as the John Redmond Dam and Reservoir;

H. R. 5161. An act for the relief of Mrs. Madeleine A. Work;

H. R. 6069. An act for the relief of Col. Jack C. Jeffrey;

H. R. 6078. An act to provide for the erection of suitable markers at Fort Myer, Va., to commemorate the first flight of an airplane on an Army installation, and for other purposes;

H. R. 6660. An act to provide that the lock and dam referred to as the Tuscaloosa lock and dam on the Black Warrior River, Ala., shall hereafter be known and designated as the William Bacon Oliver lock and dam;

H. R. 7052. An act to amend section 216 (b) of the Merchant Marine Act, 1936, as amended, to provide for appointments of cadets from the District of Columbia, Guam, American Samoa, Virgin Islands, and the Canal Zone;

H. R. 7200. An act for the relief of the estate of Isa Hajime;

H. R. 7591. An act for the relief of Anton N. Nyerges;

H. R. 8038. An act for the relief of Margie C. Stewart; and

H. R. 8618. An act for the relief of Henry M. Lednický.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills and joint resolutions of the House of the following titles:

H. R. 1692. An act for the relief of Mrs. Margot M. Draughon;

H. R. 2901. An act for the relief of Ralph H. Weeks;

H. R. 4541. An act for the relief of Leslie A. Batdorf;

H. R. 5163. An act for the relief of Forest H. Byroade;

H. J. Res. 417. Joint resolution for the relief of Mrs. Sebastiano Poletto, Hideo Konya, Edward H. Turri, and Mario Guiffre;

H. J. Res. 429. Joint resolution to facilitate the admission into the United States of certain aliens;

H. J. Res. 435. Joint resolution for the relief of certain aliens;

H. J. Res. 438. Joint resolution to facilitate the admission into the United States of certain aliens; and

H. J. Res. 437. Joint resolution to waive certain provisions of section 212 (a) of the Immigration and Nationality Act in behalf of certain aliens.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 228. An act for the relief of the Chamberlain Water Co., of Chamberlain, S. Dak.;

S. 1062. An act for the relief of Maud Claer Wahl;

S. 1249. An act for the relief of Martha A. Calvert;

S. 1578. An act for the relief of Hovhannes H. Haidostian;

S. 1657. An act for the relief of Lloyd C. King;

S. 1943. An act for the relief of Norma Josephine Hodges Dowd;

S. 1961. An act for the relief of Maria Van Arendonk;

S. 1979. An act for the relief of Barbara Hollinger;

S. 1999. An act for the relief of Constantinos N. Alivantistos;

S. 2004. An act for the relief of George and Emma Clifford;

S. 2060. An act for the relief of Elizabeth Biro;

S. 2064. An act for the relief of Marie Ethel Pavlovitch and her daughter, Dolly Hester Pavlovitch;

S. 2087. An act for the relief of Eva Lichtfuss;

S. 2132. An act for the relief of Leonard C. Fink;

S. 2147. An act for the relief of Chong Sook Rhee;

S. 2166. An act for the relief of John J. Griffin;

S. 2168. An act for the relief of Armas Edwin Jansson-Vilk;

S. 2187. An act for the relief of Josef Winter;

S. 2196. An act for the relief of Annadore E. D. Haubold and Cynthia Edna Haubold;

S. 2245. An act for the relief of Moy Tong Poy;

S. 2251. An act for the relief of Manley Francis Burton;

S. 2256. An act for the relief of Luz Poblete and Robert Poblete Broaddus, Jr.;

S. 2274. An act for the relief of Mario Lazzarotto;

S. 2301. An act for the relief of Genevieve M. Scott Bell;

S. 2346. An act for the relief of Lucy Hedwig Schultz;

S. 2430. An act for the relief of Carlos Olmos Chang and his wife, Maria Luisa Chin de Chang; and

S. 2503. An act for the relief of Maria H. Aguas and Buena M. Castro.

The message also announced that the Senate agrees to the amendments of the House to a joint resolution of the Senate of the following title:

S. J. Res. 39. Joint resolution to authorize the construction of certain water-conservation projects to provide for a more adequate supply of water for irrigation purposes in the Pecos River Basin, N. Mex. and Tex.

The message also announced that the Senate insists upon its amendment to the bill (H. R. 6306) entitled "An act to amend the act entitled 'An act authorizing and directing the Commissioners of the District of Columbia to construct 2 4-lane bridges to replace the existing 14th Street or Highway Bridge across the Potomac River, and for other purposes.'" disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BIBLE, Mr. FREAR, and Mr. BEALL to be the conferees on the part of the Senate.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

FEBRUARY 10, 1958.
The honorable the SPEAKER,
House of Representatives.

SIR: Pursuant to authority granted on February 6, 1958, the Clerk received from the Secretary of the Senate on Friday, February 7, 1958, the following message:

That the Senate agree to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9739) entitled "An act to authorize the Secretary of the Air Force to establish and develop certain installations for the national security, and to confer certain authority on the Secretary of Defense and for other purposes"; and

That the Senate recede from its amendment to the title of the above-entitled bill.

Respectfully yours,

RALPH R. ROBERTS,
Clerk, United States
House of Representatives.

THE SPEAKER. The Chair desires to announce that pursuant to the authority granted him on Thursday, February 6, 1958, he did on February 7, 1958, sign the following enrolled bill of the House:

H. R. 9739. An act to authorize the Secretary of the Air Force to establish and develop certain installations for the national security, and to confer certain authority on the Secretary of Defense, and for other purposes.

SWEARING IN OF MEMBER

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

FEBRUARY 7, 1958.

The honorable the SPEAKER
House of Representatives.

SIR: A certificate of election in due form of law for the Honorable ROBERT A. EVERETT as a Representative-elect to the 85th Congress from the 8th Congressional District of Tennessee, to fill the vacancy caused by the death of the Honorable Jere Cooper, has been received from the secretary of state of Tennessee, and is on file in this office.

Respectfully yours,

RALPH R. ROBERTS,
Clerk, United States House of
Representatives.

Mr. EVERETT appeared at the bar of the House and took the oath of office.

loan program of the Small Business Administration to small businesses in areas affected by excessive rainfall. This bill is a logical amplification of the amendment to the Small Business Act which provided loan eligibility to small businesses in areas suffering from drought.

The district which I represent and nearly every other area of the country have at one time or another felt the brunt of both drought and excessive rainfall. Fields have been parched in the hot sun and crops have failed. In another year the heavens were too generous and those same fields were barren because crops could not be planted, cultivated, or harvested because of excessive rainfall or had been inundated by rainfall which sluggish streams could not carry away. It is my understanding that excessive rainfall contemplates all such situations of crop loss and failure.

The temporary impact of such natural disasters is often devastating to an area's commerce and trade. The small businesses serving communities which suffer such catastrophes are oftentimes unable to withstand the blow they are dealt. If accounts cannot be paid by the people of a community, many businesses have no other choice but to close their doors. Obviously, the people who have lost their homes in floods are usually unable to meet their financial obligations until they can restore some kind of stability to their lives and their communities.

This bill would provide the broadened credit standards, terms of repayment, and low interest rates to these small-business victims in disaster areas. It is generally viewed here as a noncontroversial measure since it would provide some means for the economic rehabilitation of areas struck by the catastrophe of floods. Such loans would insure, in many cases, that local commerce and trade affected by such devastation would be preserved where otherwise the existence of the small-business elements in its composition would be threatened by disasters, however temporary their nature.

Mr. SMITH of Mississippi. Mr. Speaker, as sponsor of this bill in the House of Representatives, I want to express my appreciation to the House Banking and Currency Committee for their prompt action in bringing this emergency legislation to the floor. It will eliminate a major flaw in the Small Business Administration Act which makes it impossible for that Agency to make loans to businesses which have suffered economic losses because of excessive rainfall.

Rainfall in my district last year averaged approximately twice the normal amount. The resulting crop loss has been estimated at \$100 million. Mississippi cotton production for 1957 was the lowest in 33 years. Between September 1, 1957, and January 1, 1958, the normal cotton-harvesting season, farmers were able to work in the fields an average of only 12 days. Similar conditions prevail in many other States of the Union.

This bill will accomplish nothing toward eliminating the major hardships which resulted from the 1957 disaster. That economic condition can be eased

only by broad-scale long-term credit to farmers to cover their 1957 losses.

The bill before us will, however, keep a number of small businesses from going into bankruptcy through no fault of their own. They will be able to carry delinquent accounts only through some type of loan such as can be handled by the Small Business Administration. I hope the House will act on this bill without controversy.

Now that the Congress is enacting this change in the law, I certainly hope that the Small Business Administration will feel an obligation to administer this new authority with the sense of urgency and need that is necessary if economic disaster is not to be felt throughout many parts of the country.

MR. GATHINGS. Mr. Speaker, it is most necessary to extend the Small Business Act to encompass the authority for making loans to business establishments in areas adversely affected by excessive rainfall.

At the present time disaster loans may be made through the Small Business Administration in areas adversely affected by drought. It is hoped that the SBA may see fit to liberalize their policies to the end that small businesses which now face bankruptcy and liquidation may be given a lease on life and permitted to continue to operate.

The best example of the situation in which small business finds itself in the rain-drenched areas of eastern Arkansas is a telephone call I received a few nights ago. This businessman was unable to meet his obligations because of the fact that he had on his books quite a number of open accounts of farmers who had made only a part crop in 1957 and were unable to pay him the past-due accounts. This man has the know-how; he has been in business for many years and has been a successful operator of a mercantile establishment. He is faced, however, with having to close his doors if relief is not obtained in the legislation which is now before the House. He wants a loan that would accord him some few years to pay off in annual installments. This businessman has consistently earned a profit and expanded his business up until the most disastrous year of 1957.

Other small business is affected in the same manner as the general merchant; that is, implement dealers, feed, seed, and fertilizer dealers, as well as fuel and oil dealers and various other firms which sell to the farmer.

I trust, Mr. Speaker, that the Administrator of the Small Business Administration will transmit to the field offices new instructions and policies which will make available loans to business enterprises which are so adversely hit in the area which suffered from heavy rainfall, low yield, and crop losses in 1957.

PERSONAL ANNOUNCEMENT

Mr. POLK. Mr. Speaker, on rollcall No. 8, the vote on H. R. 2151, a bill to suspend import duties on certain coarse wool, recorded on page 1465 of the RECORD, I was unavoidably absent. Had I been present when H. R. 2151 was approved, I would have voted "no."

GENERAL LEAVE TO EXTEND

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. HENDERSON. Mr. Speaker, the House Banking and Currency Committee has unanimously approved a bill, S. 2920, which will extend the disaster-

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 10, 1958

Mrs. KNUTSON introduced the following bill; which was referred to the Committee on Banking and Currency

A BILL

To provide for small-business disaster loans in areas affected by excessive rainfall.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 207 (b) (1) of the Small Business Act of
4 1953, as amended, is amended (1) by deleting the words
5 “where a drought is occurring” and inserting in lieu thereof
6 the words “affected by a drought or excessive rainfall”, and
7 (2) by inserting after the word “drought” where it occurs
8 elsewhere the words “or excessive rainfall”.

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85TH CONGRESS H. R. 10619
2D SESSION

A BILL

To provide for small-business disaster loans in areas affected by excessive rainfall.

By Mrs. KNUTSON

FEBRUARY 10, 1958

Referred to the Committee on Banking and Currency

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 13, 1958

Mr. EVINS introduced the following bill; which was referred to the Committee on Banking and Currency

A BILL

To provide for small-business disaster loans in areas affected by excessive rainfall.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 207 (b) (1) of the Small Business Act of
4 1953, as amended, is amended (1) by deleting the words
5 “where a drought is occurring” and inserting in lieu thereof
6 the words “affected by a drought or excessive rainfall”, and
7 (2) by inserting after the word “drought” where it occurs
8 elsewhere the words “or excessive rainfall”.

85TH CONGRESS
2d SESSION

H. R. 10682

A BILL

To provide for small-business disaster loans in areas affected by excessive rainfall.

By Mr. EVINS

FEBRUARY 13, 1958

Referred to the Committee on Banking and Currency

**Public Law 85-335
85th Congress, S. 2920
February 22, 1958**

AN ACT

72 Stat. 27.

To provide for small-business disaster loans in areas affected by excessive rainfall.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 207 (b) 70 Stat. 10. (1) of the Small Business Act of 1953, as amended, is amended (1) by 15 USC 636. deleting the words "where a drought is occurring" and inserting in lieu thereof the words "affected by a drought or excessive rainfall", and (2) by inserting after the word "drought" where it occurs elsewhere the words "or excessive rainfall".

Approved February 22, 1958.

